Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:)
)
Certification for Magicgate Type-R for   )   MB Docket 04-____
Secure Video Recording for Memory Stick   )
PRO Software as an Authorized Recording   )
Technology   )

CERTIFICATION FOR MAGICGATE TYPE-R FOR SECURE VIDEO RECORDING FOR MEMORY STICK PRO SOFTWARE AS AN AUTHORIZED RECORDING TECHNOLOGY

Sony Corporation ("Sony"), pursuant to the Public Notice issued by the Federal Communications Commission ("FCC" or "Commission") on January 23, 2004, and the regulations set forth at 47 C.F.R. § 73.9008, hereby submits its Certification concerning the use of the MagicGate Type-R for Secure Video Recording for Memory Stick PRO (hereinafter, "MG-R(SVR) for Memory Stick PRO") technology as software implementation for the secure recording of Unscreened and Marked digital terrestrial broadcast ("DTV") content.

Introduction and Background

MG-R(SVR) for Memory Stick PRO is a video content protection mechanism developed by Sony Corporation to perform secure recording by devices and Memory Stick

PRO media that are compliant with MG-R(SVR) for Memory Stick PRO. MG-R(SVR) for Memory Stick PRO will be offered in both a hardware and software format . The hardware application will be licensed on reasonable and nondiscriminatory terms for implementation in devices (such as a portable video player/recorder) licensed to incorporate the Memory Stick PRO technology format for video recording and processing. The software application will remain proprietary and will be provided by Sony or its affiliates to software venders, electronic manufacturers or end users as a software implementation that complies with the same "Compliance Rules" and "Robustness Rules" with which licensed hardware devices are obligated to comply (such software application, the "Software"). Memory Stick PRO is an advance flash memory medium, and comes in two sizes: a standard size and a smaller size called Memory Stick PRO Duo. Both sizes are small enough for easy portability of the media and easy integration of Memory Stick slots into a large variety of small, portable compliant devices.

This letter is to request that the Commission certify MG-R(SVR) for Memory Stick PRO for software implementations ("Software" hereafter) pursuant to 47 C.F.R. § 73.9008.[1]

I.   General Description of How the Technology Works

As further detailed below and in the applicable attachments, MG-R(SVR) for

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[1] Although this particular certification is only for software implementation of MG-R(SVR) for Memory Stick PRO, in total, Sony is seeking certification of MG-R(SVR) for four separate implementations of MG-R(SVR) in four separate applications: (1) a hardware implementation for Memory Stick PRO; (2) a hardware implementation for Hi-MD; (3) a software implementation for Memory Stick PRO; and (4) a software implementation for Hi-MD.

Memory Stick PRO clearly satisfies the Commission's objective of protecting DTV content

as outlined in the Report and Order.[2] MG-R(SVR) for Memory Stick PRO employs a

multifaceted, but user-friendly, content protection system that: (1) allows for the transfer

of content between a Software and the Memory Stick PRO media over a Secure

Authenticated Channel ("SAC"); (2) requires a Unique Media ID that binds recording onto

a specific medium (*i.e.*, a specific Memory Stick PRO medium) and prevents usable copies

from being made by a bit by bit copy; (3) encrypts Unscreened and Marked content with

AES 128 bit encryption; (4) limits the digital output of unencrypted content by Software

(by Compliance Rules in the license) to a specific list of permitted digital outputs; (5)

provides a mechanism to revoke a specific version of software that has a compromised

Device Node Key ("DNK") and renews the software by providing upgraded software from

a download server or by CD-ROM. Through this comprehensive content protection

system, MG-R(SVR) for Memory Stick PRO significantly frustrates an attempt to

inappropriately redistribute Unscreened and Marked content, while working seamlessly and

invisibly for the consumer.

See MagicGate Type-R for Secure Video Recording for Memory Stick PRO -

Technical Guidance Document at Exhibit A, and MagicGate Type-R for Secure Video

Recording for Memory Stick PRO Specification – Informational Specification at Exhibit B.

A. **Authentication**

Cryptographic authentication is used to ensure that content is passed only to and

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[2] See *In the Matter of Digital Broadcast Content Protection, Report and Order and Further Notice of Proposed Rulemaking*, MB Docket No. 02-230, FCC 03-273 (released Nov. 4, 2003), at ¶ 1, 4.

from the authenticated Software and the Memory Stick PRO medium.

When recording or playing back content, prior to encryption or decryption, authentication between the Software and a medium confirms they are an authorized software and medium. By executing this procedure, a Secure Authenticated Channel ("SAC") is established between the software and the Memory Stick PRO medium and the secure transfer of data is made possible.

At the time of playback, software must perform authentication of content stored on a Memory Stick PRO medium before playback to prevent playback of unauthorized copies. This is done by checking the Integrity Check Value ("ICV"). The ICV is calculated from content protection related information by means of a hash function. At the time of recording, the content's ICV is stored in the hidden area of the Memory Stick PRO medium and can be accessed only by Software that is compliant with MG-R(SVR) for Memory Stick PRO. Any subsequent unauthorized alteration of the content and its content protection related information or unauthorized bit-by-bit copy will change its ICV to a value that no longer matches the ICV stored in the hidden area of the Memory Stick PRO medium, thus revealing that the content has been altered. The Software will then refuse to play the altered content. This process prevents playback of bit-by-bit copies, because such a copy would be rejected during the integrity check.

If the ICV check is successful, the Software will read the encrypted content, the encrypted content key and the Enabling Key Block ("EKB") file version number from the Memory Stick PRO medium. From the EKB and the Device Node Key ("DNK") installed in the Software, the Software retrieves a common key for content decryption, which then

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decrypts the content.

B. Transfer of Content Control Information

Under the Compliance Rules, content marked with a Broadcast Flag is treated as having content control information of "EPN Asserted," which means that the content will be subject to output and recording controls, but that no limit will be imposed on the number of protected copies that may be made.

For other types of content, MG-R(SVR) for Memory Stick PRO supports the following content control information (*See* Compliance Rules for details):

1. Copy Never - No recording of Copy Never content is permitted by MG-R(SVR) for Memory Stick PRO

2. No More Copies - No recording of No More Copies content is permitted by MG-R(SVR) for Memory Stick PRO

3. Copy One Generation - such content is recorded securely by MG-R(SVR) for Memory Stick PRO, and Copy Control Information is updated so as not to allow further copies.

4. EPN - such content is recorded securely by MG-R(SVR) for Memory Stick PRO. Updating of Copy Control Information so as to restrict copies is not required, however outputs and recording methods are restricted so as to prohibit unauthorized redistribution.

C. Recording

In software implementations of MG-R(SVR) for Memory Stick PRO, the Software has a key called "DNK."

As a first step, before a recording can be made, the Software compares its own EKB

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with the EKB in the medium, and the Software uses whichever is the newer EKB version. Next, the Software generates a content key for the specific piece of content to be recorded, and encrypts the content with that content key. Then the common key for encrypting the content key is retrieved from the DNK and the newer version of the EKB. (As discussed below under Revocation, if the DNK in the Software has been revoked, the Software is unable to retrieve a common key and cannot proceed further.) The common key in turn is used to encrypt the content key.

As a second step, the encrypted content, encrypted content key and a version number of the EKB file are stored onto a Memory Stick PRO medium.

In order to prevent unauthorized copying or unauthorized alteration of the content, the ICV is calculated and stored in the hidden area of a Memory Stick PRO medium.

The AES cryptographic algorithm with a 128 bits key length is used for content encryption.

D. Playback

The Software reads the ICV from the hidden area of a Memory Stick PRO medium, and confirms the integrity of the content. If the integrity is confirmed, the Software reads out the encrypted content, the encrypted content key and the version number of the EKB from Memory Stick PRO medium. (If integrity is not confirmed, playback does not proceed.) From the EKB file and DNK installed in the Software, the Software retrieves a common key for content decryption, which then decrypts the content.

E. Method Of Binding Content To A Medium

As noted above, when recording content on a Memory Stick PRO medium,

MG-R(SVR) for Memory Stick PRO records the ICV in the hidden area of the Memory Stick PRO medium. Each Memory Stick PRO medium is installed with a unique ID, which is used for the calculation of ICV. By this means, as discussed above, even if a bit-by-bit copy is made from one Memory Stick PRO medium onto another Memory Stick PRO medium, such a copy will be rejected, prior to playback, during the integrity check process.

F. Revocation

MG-R(SVR) for Memory Stick PRO has a mechanism for revoking a DNK that is pre-installed in each copy of the Software. All copies of a certain version number of the Software may use a common key (*i.e.*, have the same DNK installed). Revocation of a DNK is performed by means of propagating updated revocation information contained in the EKB. When its DNK has been revoked, the Software will not be able to retrieve a common key, which is necessary for decrypting content.

If Sony revokes the DNK used in its Software based on the Revocation Criteria and procedures described below, Sony will issue Software with a new EKB containing the updated revocation information. In addition, a Device Key Set ("DKS") that contains a new EKB containing the updated revocation information will be provided to device licensees, who will be obligated to install such DKS in newly manufactured devices.

Revocation information is propagated by means of passing the latest version of the EKB containing the revocation information from a device/software to a Memory Stick PRO medium whenever a recording is made. After the new EKB has been passed to the medium, this medium passes the new EKB to a device/software when it plays back the

content stored on this medium, and so on. In this manner, the EKB is passed to each device/software it encounters, propagating the new EKB exponentially, and eventually passing the revocation information to a device containing the revoked DNK.

G. Scope of Redistribution

MG-R(SVR) for Memory Stick PRO is designed to permit recordings on a Memory Stick PRO medium connected to Software either in the same physical product or connected via a secure authenticated channel over USB. The scope of redistribution is limited by the specification for MG-R(SVR) for Memory Stick PRO, the Compliance Rules and by the physical characteristics of USB. In addition, the medium can by physically carried to other locations where the recorded content can be played back on compliant MG-R(SVR) for Memory Stick PRO devices.

As discussed above, if a bit-by-bit copy of an MG-R(SVR) for Memory Stick PRO recording is transmitted to an unauthorized device and/or software (*e.g.*, over the Internet), the device and/or software will not be able to playback the content, because a non-licensed device and/or software will not be able to decrypt the MG-R(SVR) for Memory Stick PRO recording and because the content is bound to the specific recording medium on which the authorized recording was made. In addition, as discussed in ¶ IV.C. *infra*, only DTCP and HDCP outputs are currently permitted under the Compliance Rules, neither of which permits unauthorized redistribution outside home and personal networks.[3] Similarly, Sony will not approve any output or recording technology in the future for use with MG-R(SVR)

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[3] If the technology is incorporated into Computer Products, unencrypted DVI output is also permitted; however, this output will not be allowed for products manufactured after June 30, 2005.

for Memory Stick PRO that enables unauthorized electronic redistribution outside home and personal networks.

H. Interoperability

The Software may be interoperable with many devices through the output technologies approved in the Compliance Rules. The Compliance Rules permit analog outputs, DTCP and HDCP protected outputs, as well as additional secure digital outputs that Sony may approve in the future for licensed hardware devices subject to the change management procedures discussed below.[4] The Software can therefore interoperate with various consumer electronics and IT devices through such outputs, while maintaining protection for Unscreened or Marked Content against unauthorized retransmission.

II. Revocation of Compromised Keys, Renewability and Upgradability

Content owners that execute a Content Participant Agreement with Sony will have the right to seek revocation of DNKs used in the Software (as well as to seek revocation of DNKs issued to device licensees). This section addresses the revocation procedures that apply under the Content Participant Agreement (attached as Exhibit C). *See* ¶ I.F. *supra* of this certification for a technical discussion of the revocation mechanism.

Revocation of Software may be requested by a content owner who has signed a Content Participant Agreement (a "Content Participant) only on the basis that the following revocation criterion is met: A DNK has been lost, stolen, intercepted or otherwise misdirected or made public or disclosed in violation of a Content Participant Agreement.

The Content Participant Agreement sets forth detailed procedures to address

disputes, through arbitration, as to whether or not the Revocation Criteria has been met. In addition to Revocation requests initiated by Content Participants, Sony will revoke a DNK if it is ordered to do so by court order or other competent government authority.

The Revocation procedures for the Software are set out in Section 6 and Section 12.1 of the Content Participant Agreement.

Sony will revoke the DNK used in any version of the Software in accordance with procedure described above. In the event of Revocation, the user's revoked Software may be renewed through updated Software distributed by Sony by means of CD-ROM or from an update server.

III. Support of the Technology by Content Owners, Broadcasters or Equipment Manufacturers

Sony has been informed by Fox, Warner Bros. and Sony Pictures Entertainment that those motion picture studios have reviewed the MG-R(SVR) technology and approved the technology as meeting sufficient levels of security and protection against unauthorized redistribution. As the license agreements have just been finalized, we understand that those studios reserve final approval pending review of the license agreements.

IV. Contractual Enforcement

A. Content Participant Agreement

The Content Participant Agreement grants rights to Content Participants to (a) request revocation of Device Node Keys used in the Software if the Revocation Criteria (*see* ¶ II *supra*) has been met; (b) receive notice of and object to certain changes to the

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[4] See footnote 3.

Compliance Rules and Robustness Rules ((attached as Exhibits C and D respectively to the Hardware Adopter Agreement, which is attached as Exhibit D hereto) (*see* ¶¶ IV.C, IV.D, *infra*) and (c) enforce the compliance of the Software with the applicable specifications, Compliance Rules and Robustness Rules. (*See* Section 12.1 of the Content Participant Agreement.)

B. Fee

Under the Content Participant Agreement, Content Participants pay an annual fee of US$12,000.

C. Compliance Rules

Under the Content Participant Agreement, the Software is required to comply with the Compliance Rules then in effect under the Memory Stick PRO – Secure Video Recording Format – Content Protection License Agreement ("the Hardware Adopter Agreement"), as if Sony's Software were a licensed device. The Compliance Rules restrict the output and recording methods that may be used with respect to MG-R(SVR) for Memory Stick PRO protected content (including MG-R(SVR) for Memory Stick PRO protected Marked Content and Unscreened Content.)

1. Output Controls

Section 3 of Compliance Rules prohibits the Software from outputting or causing to be output Decrypted SVR Data (as defined in the Compliance Rules) via a digital output, except for DTCP-protected outputs and HDCP-protected outputs and, solely for Software created on or prior to June 30, 2005 and incorporated into computer products, as a constrained image to DVI outputs. The Compliance Rules contemplate that additional

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secure outputs may be authorized from time to time in accordance with the change procedures summarized in ¶ IV.E. *infra*.

Sections 3.1 and 3.2 of the Compliance Rules require certain content protection measures to be applied to standard definition and high-definition analog outputs, respective.

2. Recording Controls

The recording controls applicable to DTV content marked with a Broadcast Flag are included in the Compliance Rules. Section 2.1.4 applies to content marked with the Broadcast Flag and other content labeled "EPN Asserted", and permits recordings to be made on Memory Stick PRO media using MG-R(SVR) for Memory Stick PRO with the corresponding CCI labeled as "EPN Asserted."

If MG-R(SVR) for Memory Stick PRO-protected EPN content stored on Memory Stick PRO media is copied by the Software from the Memory Stick PRO media to an HDD in the same integrated product, the HDD recording must be a Bound Recording (as defined in the Compliance Rules). A Bound Recording so made on the HDD may later be copied by the Software to Memory Stick PRO media using MG-R(SVR) for Memory Stick PRO.

D. Robustness Rules

Under the Content Participant Agreement, the Software is required to comply with the Robustness Rules then in effect under the Hardware Adopter Agreement, as if Sony's Software were a licensed device. Such Robustness Rules set forth requirements that are at least as protective of DTV content as are the requirements imposed on Demodulator Products under 47 C.F.R. § 73.9006 and 47 C.F.R. § 73.9007 . The current Robustness Rules, which were modeled on and closely track the DFAST license robustness rules, are

set out in Exhibit D to the Hardware Adopter Agreement, which is attached as Exhibit D hereto.

E. **Change Provision**

Under the Content Participant Agreement, Content Participants are granted certain "change management" rights with respect to certain proposed amendments to the SVR CP Specification, Compliance Rules, Robustness Rules (which apply to both licensed devices and the Software). A Content Participant will receive advance notice of a Sony Developer's Proposed Action (as defined in Section 3.6 of the Content Participant Agreement), and will have fifteen business days in which to file a written objection to such action on the basis that the Content Participant believes the action will have a material and adverse effect on the integrity or security of MG-R(SVR) for Memory Stick PRO, the operation of MG-R(SVR) for Memory Stick PRO with respect to protection of content from unauthorized transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Memory Stick PRO. Disputes with respect to such objections will be resolved by arbitration. The specific provisions are set out in Sections 3.5 and 3.6 of the Content Participant Agreement.

F. **Approval Procedures for Downstream Transmission and Recording Methods**

Sony recognizes that it is essential to maintaining content protection that MG-R(SVR) for Memory Stick PRO protected content be handed off only to output and recording technologies that provide sufficient levels protection, including but not limited to protection against unauthorized redistribution of Unscreened and Marked Content. For

that reason, Sony will not authorize under the Compliance Rules (for licensed devices or the Software) any technologies that do not provide for levels of protection (including, taking into account security, robustness output and recording rules) at least as protective than MG-R(SVR) for Memory Stick PRO itself provides.

In addition to Sony's own commitments to ensuring that any downstream technologies provide adequate protection, the MG-R(SVR) for Memory Stick PRO the Content Participant Agreement provides for "change management" rights, which require Sony to notify its Content Participants of any proposed additions of new output or recording technologies, and allows Content Participants to object to and block the addition of any downstream output and recording technologies in the Compliance Rules that have a material and adverse effect on the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Memory Stick PRO.

V.   How the Technology Accommodates Consumers Enjoyment of DTV Broadcast

The introduction of MG-R(SVR) for Memory Stick PRO will usher in a new era for consumers in the enjoyment of DTV content, while providing content owners with the piece of mind that their content is securely protected. If certified by the Commission, MG-R(SVR) for Memory Stick PRO will allow consumers to carry their favorite DTV content with them on a medium so tiny that it can slide into a wallet for playback on devices small enough to fit in the palm of one's hand.   No longer will the long commute

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on the train be drudgery; rather, it will be an opportunity to catch up one's favorite DTV shows. The medium's small size also enables convenient physical transportation of the content for playback on a compliant device in a different location, such as a second home or a friend's or neighbor's home.

In short, MG-R(SVR) for Memory Stick PRO achieves the delicate balance of affording consumers a new and user-friendly way to enjoy DTV content, while helping to ensure the availability of high-value DTV content by providing content owners with a protected format for the secure, reasonable recording of their programming.[5]

Respectfully submitted,

    /s/ Toshiharu Kondo

Toshiharu Kondo

General Manager

Format Planning Department, Platform Development Division

Memory Stick Business Center, Micro Systems Network Company

Sony Corporation

6-7-35 Kitashinagawa, Shinagawa-ku, Tokyo, 141-0001, Japan

Exhibit A – MagicGate Type-R for Secure Video Recording for Memory Stick PRO

Exhibit A – MagicGate Type-R for Secure Video Recording for Memory Stick PRO

- Technical Guidance Document - Ver.1.00-01

Exhibit B – MagicGate Type-R for Secure Video Recording for Memory Stick PRO

Specification - Informational Version -Ver.1.00-01

Exhibit C – Memory Stick PRO System – Secure Video Recording Content Participant

Agreement ("Content Participant Agreement")

Exhibit D – Memory Stick PRO – Secure Video Recording Format – Content Protection

License ("Hardware Adopter Agreement")

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[5] See Id. at ¶ 1, 4.

MagicGate Type-R
for Secure Video Recording
for Memory Stick PRO
- Technical Guidance Document -

Ver.1.00-01

March 1, 2004

Sony Corporation

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The references to the trademarks and copyrights are omitted in this document.

Table of Contents

1.　Introduction

1.1　Purpose and Scope

MagicGate Type-R for Secure Video Recording (abbreviated as MG-R(SVR) hereinafter) is a video content protection mechanism to perform authorized recording by devices/application software and media, which are compliant with MG-R(SVR) for Memory Stick PRO.　This document describes concisely the specifications that MG-R(SVR) for Memory Stick PRO compliant devices/application software and media shall satisfy to establish compatibility, the key management system for content protection and the procedures to encrypt/decrypt content using Memory Stick PRO as the recording medium.

*In this document, Memory Stick PRO Duo are also referred to as Memory Stick PRO.

1.2　Abbreviations and Acronyms

The following abbreviations and acronyms are used in this document:

DKS　　　Device Key Set

DNK　　　Device Node Key

EKB　　　Enabling Key Block

ICV　　　　Integrity Check Value

MAC　　　Message Authentication Code

MG　　　　MagicGate

MG-IP　　MagicGate Intellectual Property

MG-R　　MagicGate Type-R

MG-R (SVR)　　　MagicGate Type-R for Secure Video Recording

NVM　　　Non-Volatile Memory

SAC　　　Secure Authenticated Channel

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2.   Technologies Specified in MG-R (SVR) for Memory Stick PRO

The following technologies and requirements are specified in MG-R (SVR) for Memory Stick PRO:

1) Requirements for the media and devices/application software

Specifies the required items for media and devices/application software compliant with MG-R (SVR) for Memory Stick PRO.

2) Content Protection Related Information

Specifies Content Protection Related Information covered on MG-R (SVR) for Memory Stick PRO.

3) Key management system

Specifies key management system applied at playback/recording

4) Encryption method

Specifies the method for encryption of content, and protection of content keys.

5) Protection method from illegal alteration

6) Compliance Rules

7) Robustness Rules

In this document, 1)~5) from above are explained in the following chapters.

3.   Requirements for MG-R(SVR) for Memory Stick PRO Compliant Media

In order to protect content with MG-R(SVR) for Memory Stick PRO technology, each MG-R(SVR) for Memory Stick PRO Compliant Medium (Memory Stick PRO medium) shall have a Media Unique ID and a Hidden Area.

A Media Unique ID is assigned by the licensor of MG-R(SVR) for Memory Stick PRO, and it is written on each Memory Stick PRO medium.   This Media Unique ID is used for calculations and checks in MG-R(SVR) for Memory Stick PRO technology to protect content.   A Media Unique ID on a Memory Stick PRO medium are 128 bits in length and it is written onto each Memory Stick PRO medium when it is produced by a Memory Stick PRO media licensee.

Some devices compliant with MG-R(SVR) for Memory Stick PRO may be used as a storage drive on Personal Computers (PC).   In such a case, files stored on a Memory Stick PRO medium can be accessed ("read" and "written") by the PC Operating System as they are in a general storage area, so that a file browser application software such as Explorer.   The area is called the General Purpose Area.   Memory Stick PRO media have another special storage area, which can be accessed only by the compliant devices/software compliant with MG-R(SVR) for Memory Stick PRO.   This area is called the Hidden Area.   The Hidden Area is required to store special values used to check the integrity of content on a Memory Stick PRO medium.
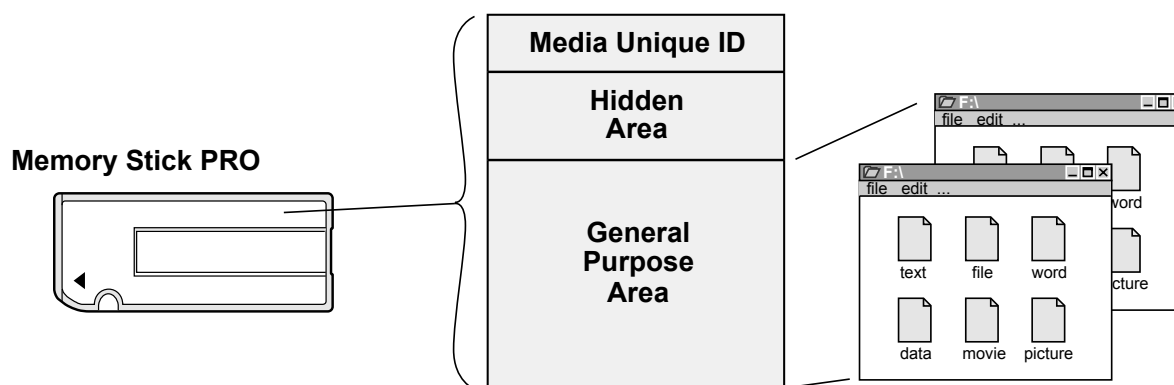
Figure 1   Requirements for media

Copyright 2004 Sony Corporation

4.   Requirements for MG-R(SVR) for Memory Stick PRO Compliant Devices

In order to protect content with MG-R(SVR) for Memory Stick PRO technology, MG-R(SVR) for Memory Stick PRO Compliant Devices (hereinafter referred to as DEVICES) shall have a Secure Video Module and a Device Key Set (DKS).

A Secure Video Module executes cryptographic calculations and performs key management for MG-R(SVR) for Memory Stick PRO technology.   A Secure Video Module is developed by the licensor of MG-R(SVR) for Memory Stick PRO IC. The Secure Video Module in a form of hard-wired logic data is called MG-R(SVR) for Memory Stick PRO MagicGate IP (hereinafter referred to as MG-IP), and is delivered to the licensee of MG-R(SVR) for Memory Stick PRO IC License.   With MG-IP, a function of Secure Video Module can be implemented in an LSI.

Device Key Set, which is hereinafter referred to as DKS, is a set of three data: (1) Unique ID, (2) Device Node Key and (3) Default Enabling Key Block.

A Unique ID is an ID number that is unique to each DEVICE and it is assigned by the licensor of Memory Stick PRO Hardware License (hereinafter referred to as LICENSOR).   Device Node Key, which is hereinafter referred to as DNK, is a set of keys used for Key Management in MG-R(SVR) for Memory Stick PRO.   The information of each DNK is also unique to each DEVICE and it is assigned by the Licensor.   Default Enabling Key Block, (hereinafter, Enabling Key Block is referred to as EKB) is used to record content using MG-R(SVR) for Memory Stick PRO.   Default EKB is generated by the LICENSOR.

A licensee of the MG-R(SVR) for Memory Stick PRO Hardware License (hereinafter referred to as LICENSEE) shall embed a DKS which is supplied by the LICENSOR, onto each DEVICE when produced, pursuant to MG-R(SVR) for Memory Stick PRO Specification (hereinafter referred to as SPECIFICATION) and license agreement.   DKS is, for instance, stored securely into a Non-Volatile Memory (NVM) mounted on a DEVICE.
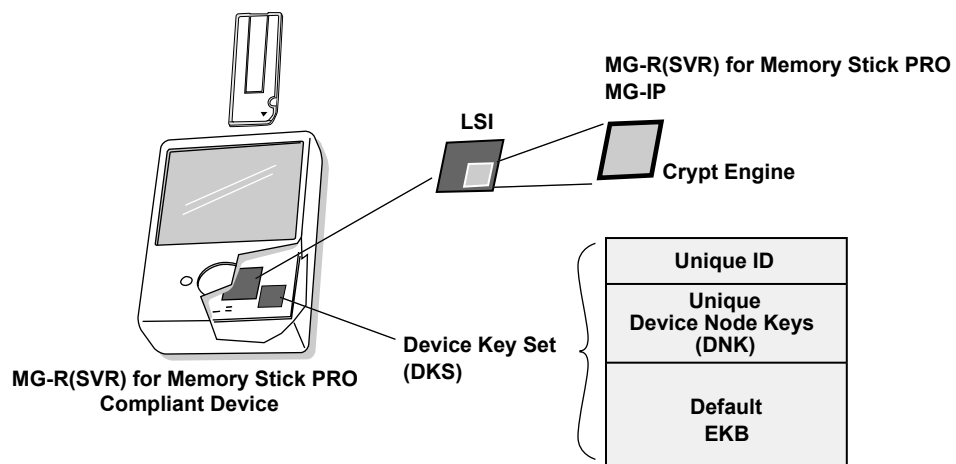
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Figure 2　Requirements for MG-R(SVR) for Memory Stick PRO Compliant Devices

5.　MG-R(SVR) for Memory Stick PRO Compliant Software

The LICENSOR prepares software solutions that can be executed on common Operating Systems such as Windows.　The software is called MG-R(SVR) for Memory Stick PRO Compliant Software (hereinafter referred to as SOFTWARE).　SOFTWARE is protected using Software Tamper Resistant Technique, which is designed only by the LICENSOR, instead of MG-IP for DEVICES.　SOFTWARE has a DNK inside.

When this SOFTWARE is used with a Memory Stick PRO medium, content can be recorded/played back on a Memory Stick PRO medium by MG-R(SVR) for Memory Stick PRO.
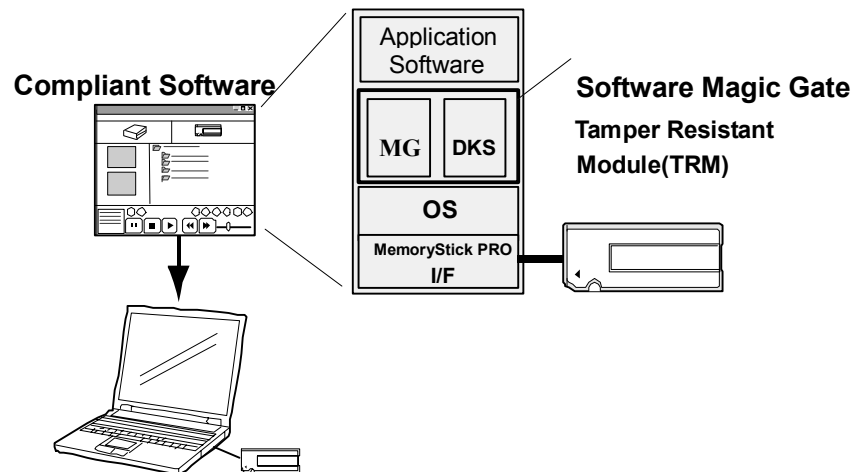

Figure 3　MG-R(SVR) for Memory Stick PRO compliant software

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6.   Structure of an MG-R(SVR) for Memory Stick PRO Compliant Device

According to the requirements for DEVICES, a DEVICE shall be designed and produced so as to that, for instance, MG-IP is embedded into an LSI to implement the function of the Secure Video Module on the device, and it is connected to the NVM where DKS is preserved securely.

A DEVICE shall be designed carefully pursuant to MG-R(SVR) for Memory Stick PRO Robustness Rules, and it must satisfy the MG-R(SVR) for Memory Stick PRO Robustness Rules.
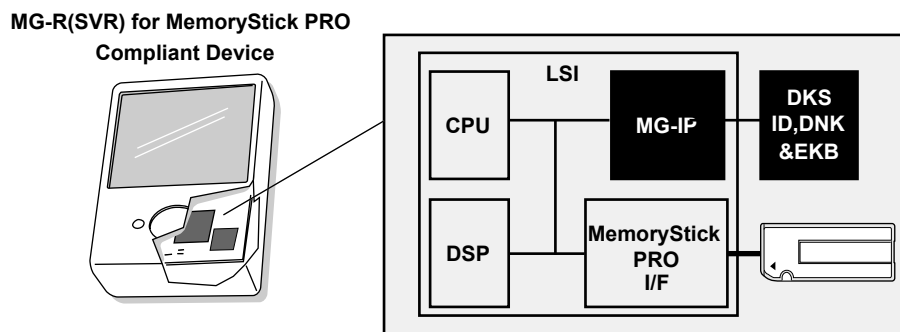
Figure 4   An example of the block diagram of a compliant device

7.　Protection of Data via A User Accessible Bus Using SAC

MG-R(SVR) for Memory Stick PRO Specification defines the Secure Authenticated Channel (hereinafter referred to as SAC) to protect the line which is a user accessible bus such as USB, connecting the Secure Video Module and the Memory Stick PRO medium.　Secure information used in MG-R(SVR) for Memory Stick PRO technology during recording and playback of content on the Memory Stick PRO medium, is securely transferred through SAC established on the USB line.

Figure 5　Protection of a user accessible BUS using SAC

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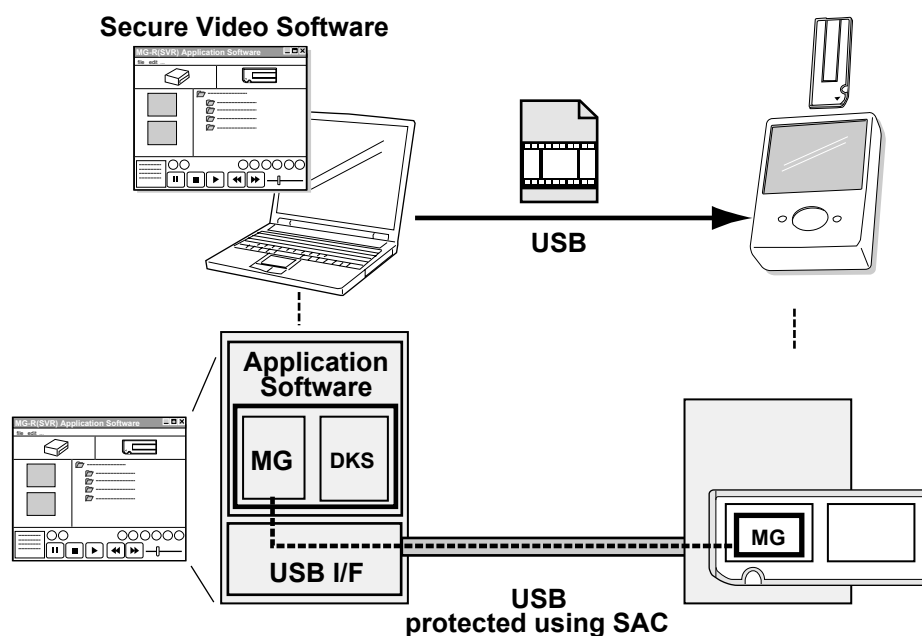## 8. Content Using MG-R(SVR) for Memory Stick PRO Technology

When content is recorded, content data and EKB data are stored onto the Memory Stick PRO medium.   The content data consists of 3 kinds of data: (1) Encrypted content, (2) Content Protection Related Information including CCI(Copy Control Information), EPN(Encryption Plus Non-assertion), ICT(Image Constraint Token) and APSTB(Analog Protection System Trigger Bit), and (3) Content Key (kc) encrypted by the Common Key (Kmgr).

AES is used as the encryption algorithm to encrypt the content and the length of Kc is 128 bits. Kmgr, which is used to encrypt the Kc, is retrieved by the Secure Video Module in DEVICES/SOFTWARE with an EKB and a DNK.

An EKB file consists of embedded Kmgr and Playback Device Control Information.
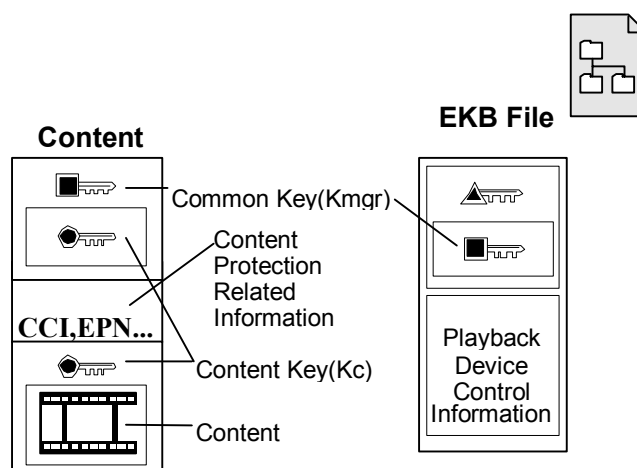
Figure 6   Content using MG-R(SVR) for Memory Stick PRO technology

9. Retrieving Common Key with EKB and DNK

In order to retrieve the Common Key (Kmgr), an EKB file and the DNK that is embedded in a DEVICE/SOFTWARE, are used.   When a DEVICE/SOFTWARE accesses an EKB, the DEVICE/ SOFTWARE retrieves Kmgr using EKB including Playback Device Control Information that describes the method of combining EKB and DNK
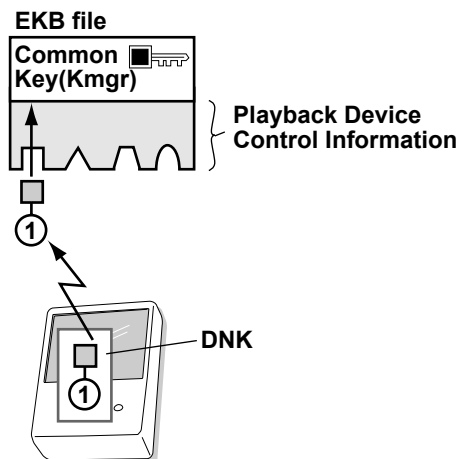
Figure 7   The relationship between EKB and DNK

10.   Revocation using Renewed EKB

In order to revoke an illegitimate device/software, the LICENSOR renews Kmgr and the Playback Device Control Information.   Both of them are provided by the LICENSOR with the renewed EKB so that the illegitimate device/software cannot retrieve the renewed Kmgr with combining the renewed EKB and its own DNK.

When the illegitimate device/software accesses the renewed EKB, it cannot combine renewed EKB and its own DNK using the renewed Playback Device Control Information and Kmgr cannot be retrieved.   As a result, the illegitimate device/software is revoked.

Figure 8   Revocation using renewed EKB

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11.   Procedure of Playback and Recording

11.1   Recording Procedure

While a DEVICE/SOFTWARE records content onto a Memory Stick PRO medium, the Recording Procedure in accordance with the SPECIFICATION is performed by the DEVICE/SOFTWARE.

The DEVICE/SOFTWARE, at first, retrieves Kmgr with an EKB and the DNK.   In case there is no EKB file on the Memory Stick PRO medium, the Default EKB is used as the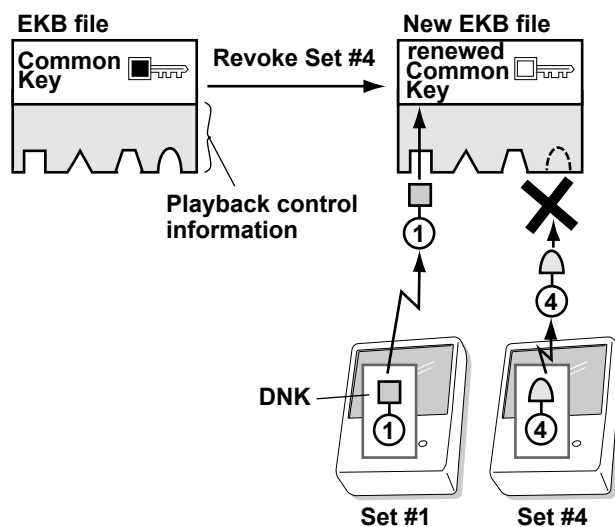 EKB to retrieve Kmgr.   If the Memory Stick PRO medium already has one or more EKB file(s) whose version number is higher than the version number of the Default EKB in the DEVICE/SOFTWARE, the EKB file of the highest version number is used instead of the Default EKB to retrieve Kmgr. Even if the Memory Stick PRO medium already has one or more EKB file(s), and in case none of them has a higher version number, the Default KEB is used to retrieve Kmgr.   During this process, if the Default EKB is used for retrieving Kmgr, an EKB file that is created from the information in the Default EKB, according to the SPECIFICATION, and the EKB file is recorded on the Memory Stick PRO medium.

The Content Key Kc is generated by a random number generator.   This Kc is encrypted by Kmgr which is retrieved at the previous process, and this encrypted Kc is stored onto the Memory Stick PRO medium.

And the content to be recorded onto the Memory Stick PRO medium, is encrypted by Kc pursuant to the SPECIFICATION in the Secure Video Module.   Then the encrypted content is recorded onto the Memory Stick PRO medium.

The Content Protection Related Information associated with the content is also stored onto the Memory Stick PRO medium.
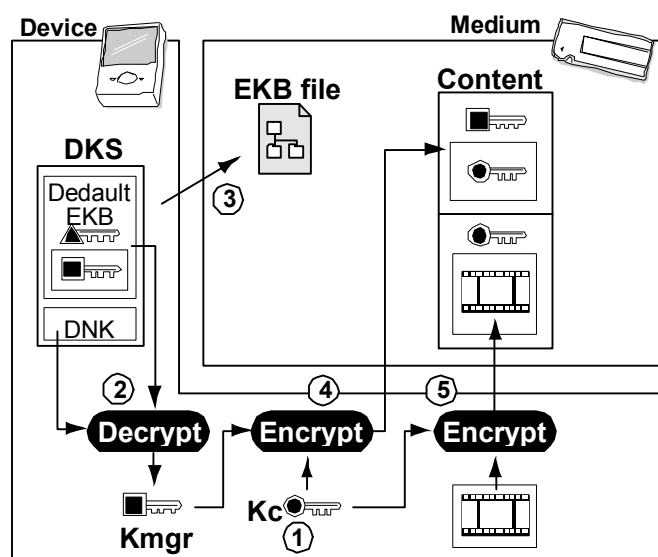
Figure 9   Recording procedures

11.2   Playback Procedure

While a DEVICE/SOFTWARE plays back the content recorded on the Memory Stick PRO medium, the Playback Procedure in accordance with the SPECIFICATION is performed by the DEVICE/SOFTWARE.

The DEVICE/SOFTWARE, at first, retrieves Kmgr with the DNK and the EKB of the version number stored in the information associated with the content.   During this process, an illegitimate device or software cannot retrieve Kmgr and this means it is revoked.   The device or software cannot process the next step.

Only the DEVICE/SOFTWARE that has already retrieved the Kmgr, can decrypt the Kc which was encrypted by Kmgr and used for encrypting the content when recording, from information associated with the content.   Thus, Kc is retrieved by the DEVICE/SOFTWARE.

Then, with Kc, the stored Content data which was encrypted by the Kc, is decrypted pursuant to the SPECIFICATION.   The result of this decryption is the content to be played back, then the DEVICE/SOFTWARE could play back the content, while an illegitimate device or software

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cannot play back the content.

Figure 10   Playback procedures

12.   Propagation of EKB Files to Revoke Illegitimate Devices/Software

An EKB file is effective to revoke illegitimate devices/software, as described in the previous chapter.   MG-R(SVR) for Memory Stick PRO has a system that encourage EKB files propagated widely.
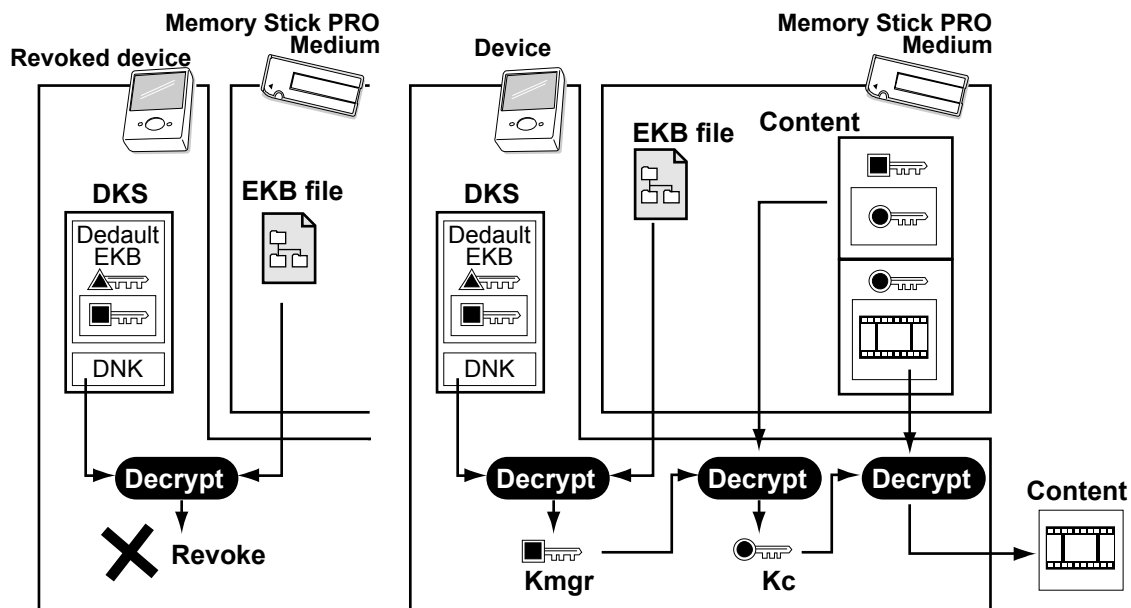
In order to revoke an illegitimate device/software properly, when an illegitimate device/software is found, the LICENSOR issues a new EKB file.   This new EKB file is propagate pursuant to the provisions of the license agreement.

MG-R(SVR) for Memory Stick PRO prepares various paths to propagate EKB files.

In case there is no EKB file on the Memory Stick PRO medium, the Default EKB embedded in the DEVICE/SOFTWARE is used when recording content, and the EKB file created from the Default EKB is stored.   However, if one or more EKB file(s) whose version number is higher than that of the Default EKB is found on the Memory Stick PRO medium, the DEVICE/SOFTWARE uses the EKB file of the highest version number instead of the Default EKB.

Some of DEVICES/SOFTWARE may be able to replace their own Default EKB to a newer EKB that is created from the information in a new EKB file, and the new Default EKB then has a new Playback Device Information.

After a new EKB of the higher version number is released by the LICENSOR, newly manufactured DEVICES/SOFTWARE have to be produced with the new EKB embedded pursuant to the license agreement.

The new DEVICES/SOFTWARE store a new EKB created from the Default EKB which has a new Playback Device Control Information and a new Kmgr onto the Memory Stick PRO medium while recording

DEVICES/SOFTWARE that can be connected to the Internet, retrieve the latest EKB from MG-R(SVR) for Memory Stick PRO Server.

As described above, DEVICES/SOFTWARE and Memory Stick PRO media contribute to propagate new EKB files and propel to revoke illegitimate device and software. And if an illegitimate device/software accesses the new EKB file propagated by one of the above, it is revoked.
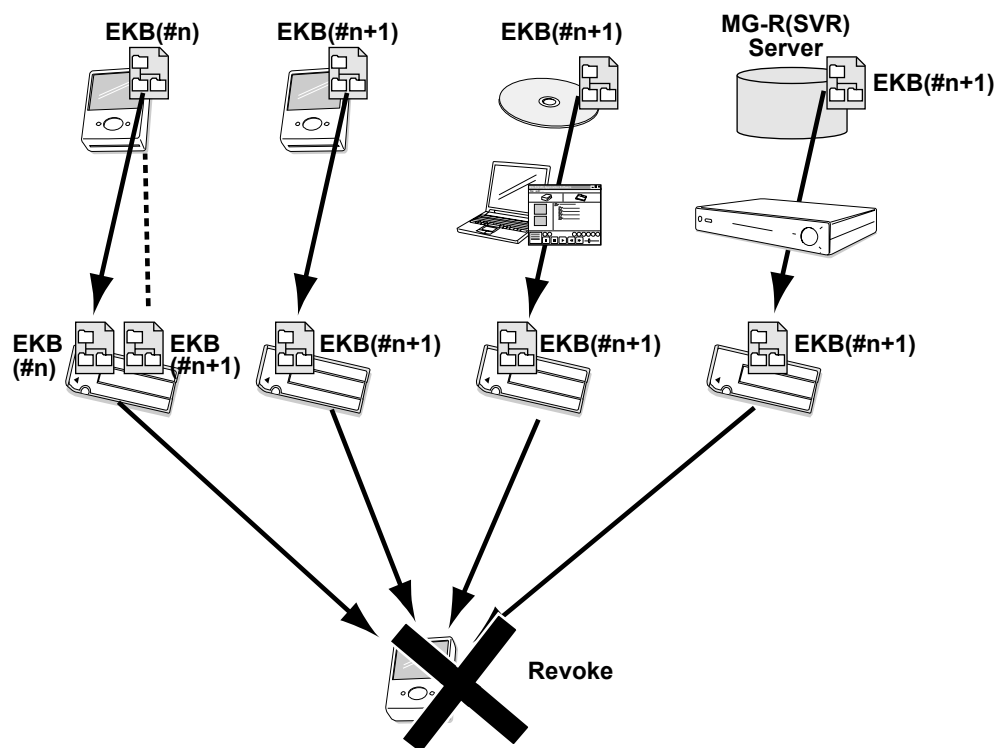

Figure 11　Propagation of EKB Files

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13.   Method of Binding Content to the Medium

MG-R(SVR) for Memory Stick PRO adopts the system to bind recorded content to the Memory Stick PRO medium.

Each recorded content has Content Key encrypted by the Common Key (Kmgr), and its associated Content Protection Related Information (Content Control Information including CCI, EPN, ICT and APSTB).   Each time when a DEVICE/SOFTWARE records content, the procedure to bind these data to the Memory Stick PRO medium is performed, pursuant to the SPECIFICATION.

All values of the data are hashed, and the result is called Content MAC Value.   Here, MAC is the abbreviation of Message Authentication Code.   All Content MAC values that are associated to each content through the Memory Stick PRO medium, are gathered in one list called MACLIST.   This MACLIST is hashed using both the Media Unique ID, which is embedded on the Memory Stick PRO medium, and the version number of the latest EKB stored on the Memory Stick PRO medium.   The result is called Integrity Check Value, which is represented as ICV hereinafter.   ICV is stored in the Hidden Area of the Memory Stick PRO medium securely pursuant to the SPECIFICATION.

When a DEVICE/SOFTWARE plays back the content, the DEVICE/SOFTWARE performs the procedure to check whether the ICV stored in the Hidden Area of the Memory Stick PRO medium, and the recalculated ICV using the MACLIST, the version number of the latest EKB on the Memory Stick PRO medium and its Media Unique ID, read out from the Memory Stick PRO medium, match.

If any part of the protected data associated to the content recorded is modified not pursuant to the SPECIFICATION, which means that it has been modified illegally, the value of the stored ICV and the value of the recalculated ICV do not match, then illegal modification is found. Then the DEVICE/SOFTWARE abort the playback process.

Thus illegal modifiation of Content Protection Related Information is found by the process of checking ICV, and the associated content can not be played back on DEVICES/SOFTWARE.

F:\Video

Content_1 **Content_2**   **Content_n**   **Content_M**

- - - - - - -   - - - - - - -

C_MAC(n) = Hash(Content Key,
                 Content Protection Related Information)

General purpose area

Latest EKB

MACLIST to Check each contents' integrity

All C_MAC value are gathered in MACLIST file.

Hidden area

ICV in Hidden area

MG-R(SVR) Legitimate devices can access the hidden area

ICV = Hash(Media ID, Latest EKB, C_MAC(1),....,C_MAC(#M)) (Integrity Check Value)

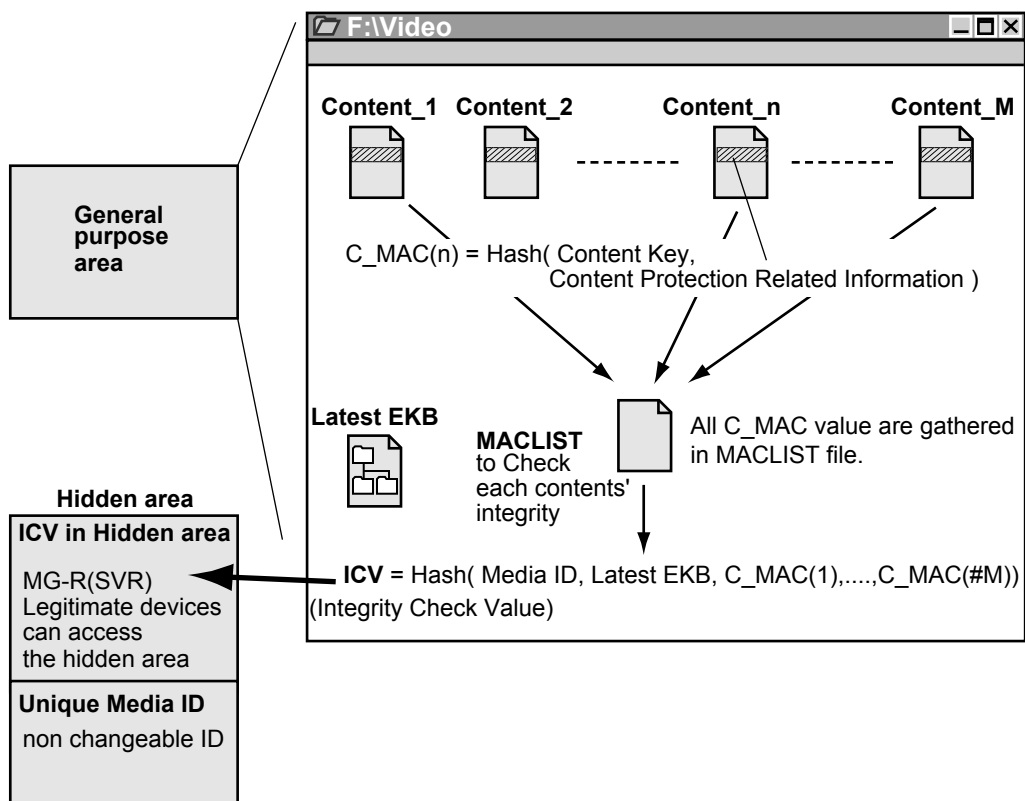**Unique Media ID**

non changeable ID

Figure 12   Method of Binding Content to the Medium

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14.   Prevention of Retransmission to the Internet

Pursuant to MG-R(SVR) for the SPECIFICATION, a DEVICE/SOFTWARE stores content data, EKB files, and MACLIST in the General Purpose Area of the Memory Stick PRO Media.

Then, for instance, using a PC and a DEVICE/SOFTWARE, these data can be copied to the PC and transferred to other PCs via the Internet, and these can be stored in the General Purpose Area of another Memory Stick PRO medium using a DEVICE at the PC that received the data. But the ICV on the Memory Stick PRO medium cannot be read out by the PC even if using a Device, since the Device never allow the PC to read out the ICV.   Then copying ICV to another Memory Stick PRO medium is never possible.   This means that the copied data in General Purpose Area another Memory Stick PRO medium, created from the data stored in the General Purpose Area of the original Memory Stick PRO medium, is no longer usable to be rendered on DEVICES/SOFTWARE.

With this system, as a result, MG-R(SVR) for Memory Stick PRO prevents retransmission of the recorded content to the internet.
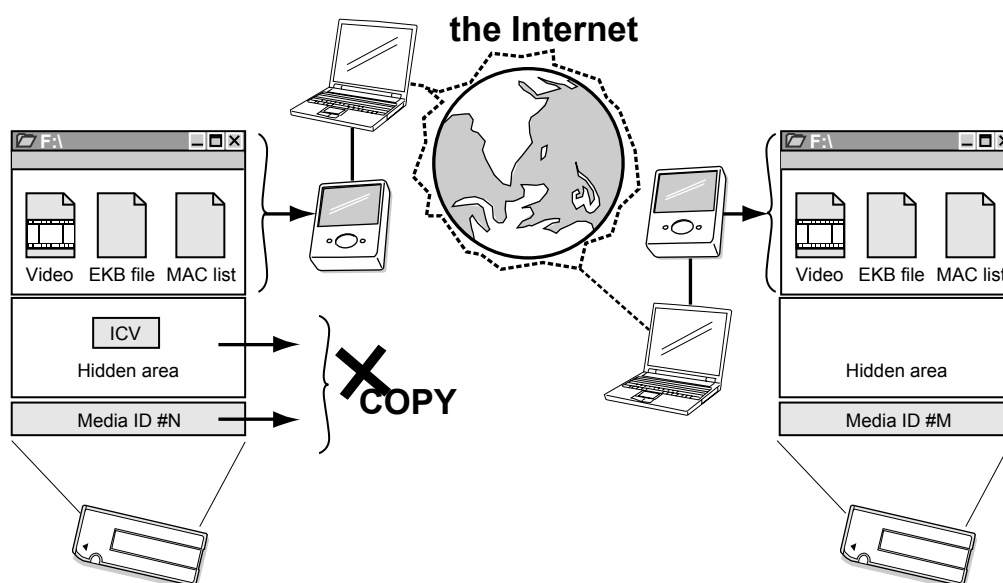
Figure 13   Protection of retransmission to the Internet

15.   Renewal of Software Secure Video Module

MG-R(SVR) for Memory Stick PRO Software Secure Video Module is protected using the tamper resistant technique.   However, if an illegitimate software is found, the LICENSOR decides whether to revoke the software pursuant to the revocation criteria, and prepares the new software.   Then, the new software is transferred, for example, using a MG-R(SVR) for Memory Stick PRO Update Server or CD-ROM
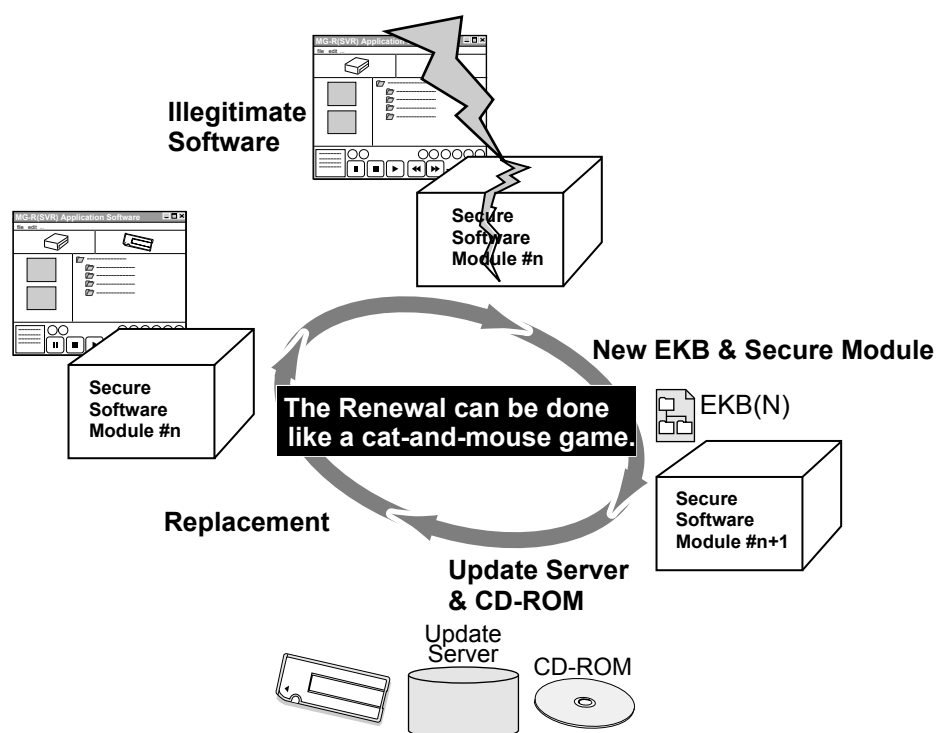
Figure 13 Renewal of Software Secure Module

MagicGate Type-R
for Secure Video Recording
for Memory Stick PRO
Specification

- Informational Version -

Ver.1.00-01

March 1, 2004

Sony Corporation

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Table of Contents

1. Introduction

1.1 Purpose and Scope

MagicGate Type-R for Secure Video Recording (abbreviated as MG-R (SVR) hereinafter) is a video content protection mechanism to perform authorized recording by devices/application software and media, which are compliant with MG-R (SVR). This document describes the specifications that MG-R (SVR) compliant devices/application software and media shall satisfy to establish compatibility, the key management system for content protection and the procedures to encrypt/decrypt content using a Memory Stick PRO as the recording medium.

*In this document, Memory Stick PRO Duo are also referred to as Memory Stick PRO.

1.2 Abbreviations and Acronyms

The following abbreviations and acronyms are used in this document:

DKS   Devices Key Set

DNK   Devices Node Key

EKB   Enabling Key Block

ICV   Integrity Check Value

MAC   Message Authentication Code

MG   MagicGate

MG-R   MagicGate Type-R

MG-R (SVR)   MagicGate Type-R for Secure Video Recording

NVM   Non-Volatile Memory

SAC   Secure Authenticated Channel

1.3 Notation

In this document, encryption and decryption are indicated as follows:

  E(K1,D1) :

        Indicates that data D1 is encrypted by key K1.

  D(K2,D2) :

        Indicates that data D2 is decrypted by key K2.

MAC(K3,D3||D4||・・):

    Represents calculation of the Message Authentication Code (MAC) using a block encryption algorithm.　In addition, the sign "||" represents concatenation of data.

2. Technologies Specified in MG-R (SVR) for Memory Stick PRO

The following technologies and requirements are specified in MG-R (SVR) for Memory Stick PRO:

1) Requirements for the media and devices/application software

Specifies the required items to be incorporated in media and devices/application software.

2) Content protection related information

Specifies usage control information.

3) Key management system

Specifies key management system applied at playback/recording.

4) Encryption/Decryption

Specifies the method for encryption/decryption of content.

5) Protection method from illegal alteration

6) Compliance Rules

7) Robustness Rules

In this document, 1)~5) from above are specified in the following chapters.

3. Requirements for Media and Devices/Software Compliant with MG-R(SVR) for Memory Stick PRO

This chapter specifies items required for the devices, software and media for recording/playback complying with MG-R (SVR) for Memory Stick PRO.   The devices, software and media shall fulfill the requirements as follows.

3.1   Requirements for Media

*Media Unique ID

Each medium shall have an ID that is unique.

The size of an ID shall be 128 bits and it shall be uniquely assigned to each medium.

*EKB for Authentication

Each medium shall have an EKB for authentication with devices/software compliant with MG-R (SVR) for Memory Stick PRO.

*Hidden Area

As the area to record ICVs for verifying the integrity of content, each medium shall have a recording area that can not be accessed from typical file systems, but can be accessed legitimately only by the secure module of devices or software compliant with MG-R (SVR) for Memory Stick PRO.

*Module capable of Authentication

Each medium shall have a module that can make authentication with the secure module of devices or software compliant with MG-R (SVR) for Memory Stick PRO.

3.2   Requirements for Devices and Software

*Secure Video Module

Devices/software shall have a secure module with functions to encrypt/decrypt as defined in this specification and a function to access the Hidden Area of media compliant with MG-R (SVR) for Memory Stick PRO.

*Device Key Set

    Devices shall retain a Device Key Set (refer to **5.1**) in the NVM area.

    Software shall retain a Device Key Set (refer to **5.1**) in itself.

*Compliance with the Compliance Rules

    Devices/ software shall comply with the Compliance Rules.

*Compliance with the Robustness Rules

    Devices/software shall comply with the Robustness Rules.

In this document, devices and/or software that satisfy above requirements are noted as COMPLIANT PRODUCTS.

4. Content Protection Related Information

4.1 Content Protection Related Information defined in MG-R (SVR) for Memory Stick PRO

In this chapter, Content Protection Related Information is defined. COMPLIANT PRODUCTS shall be able to record the combination of the following information for recorded content, with adequately updating them if needed.

This information is subject to ICV calculation (refer to **6.1.3**). It is transferred to the medium via Secure Authenticated Channel (SAC) and written in the Hidden Area so that it is protected safely on the medium.

4.1.1 Copy Control Information

Information to distinguish if further copies may be made for the recorded copy.

4.1.2 Encryption Plus Non-assertion (EPN) Bit

Information to specify whether protection is required for the content when recording. If this bit is asserted, encryption is required when recording the content.

The states for combinations of the Copy Control Information (CCI) value and the EPN value are defined in the table below.

Table 4.1   Values of CCI and EPN, and the Corresponding State

CCI bits	EPN bit	State
00	1	Copy_control_not_asserted
00	0	Protection_required
10	1	No_more_copies
01	-	Reserved
11	-	Reserved

By combination of CCI bits and EPN bit, following three states are specified: Copy_control_not_asserted; Protection_required; No_more_copies. Protection_required is the state given to content that is required to be protected by their source but have no generational restriction on copying.

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4.1.3 Analog Protection System Trigger Bits (APSTB)

Information to trigger the analog protection system when transmitting the recorded copy through an analog output.

The state for each value is defined in the table below.

Table 4.2   Vaules of APSTB

APSTB	State
00	APS off
01	APS on: Type 1(AGC)
10	APS on: Type 2(AGC+2L colorstripe)
11	APS on: Type 3(AGC+4L colorstripe)

4.1.4 Image Constraint Token (ICT)

Information to specify whether a resolution limitation is required when transmitting the recorded copy through an analog output.

The state for each value is defined in the table below.

Table 4.3   Vaules of ICT

ICT bit	State
0	High Definition Analog Output in High Definition Analog Form
1	High Definition Analog Output in the form of Constrained Image

4.2   Operational Rules for Content Protection Related Information

Content Protection Related Information defined in 4.1 shall be operated according to the Compliance Rules as below.

4.2.1 Copy Control Information

COMPLIANT PRODUCTS shall detect the CCI from the input signal according to the Compliance Rules, and update the CCI if needed when recording.

4.2.2 Encryption Plus Non-assertion (EPN) Bit

COMPLIANT PRODUCTS shall detect whether the EPN bit is asserted from the input signal, and record the content encrypted as specified in this specification if the EPN bit is asserted, according to the Compliance Rules.

4.2.3 Analog Protection System Trigger Bits

COMPLIANT PRODUCTS shall detect the APSTB (if it exists) from the input signal according to the Compliance Rules, and record this information adequately.

4.2.4 Image Constraint Token

COMPLIANT PRODUCTS shall detect the ICT (if it exists) from the input signal according to the Compliance Rules, and record this information adequately.

5. Key Management

In this chapter, the key management system used at encryption/decryption in MG-R (SVR) for Memory Stick PRO, is defined, and the method to prevent illegitimate devices/software from playing back/recording content is also explained.

5.1 Device Key Set (DKS)

COMPLIANT PRODUCTS are installed with a Device Key Set (DKS).   The DKS can be accessed only by the Secure Video Module of devices/software compliant with MG-R (SVR) for Memory Stick PRO, and contains the following:

  ・Device Unique ID
  ・Device Node Key (DNK)
  ・Default EKB

In MG-R (SVR) for Memory Stick PRO, these are used to encrypt/decrypt and to check the integrity of content.

A Device Unique ID is an ID number that is unique to each DEVICE and it is assigned by the LICENSOR.   Device unique key information is encrypted and stored in the DNK, and it is used at encryption/decryption.   Default EKB is used at recording on COMPLIANT PRODUCTS.   DKS is generated and published by the licensor.

5.2 EKB File

An EKB file is used for encryption/decryption and controlling playback devices/software.   Playback device control information and the common key (hereinafter referred to as Kmgr) are stored within the file.   Only legitimate devices/software can retrieve Kmgr from the EKB file and the DNK.

5.3 Relation between a DNK and an EKB File

COMPLIANT PRODUCTS retrieve Kmgr using an EKB file and the DNK stored inside.   Using Kmgr, playback of content becomes possible pursuant to **6.2**.

DNK

EKB (version #n)
(including Playback Device
Control Information) ⟶ Process_ EKB
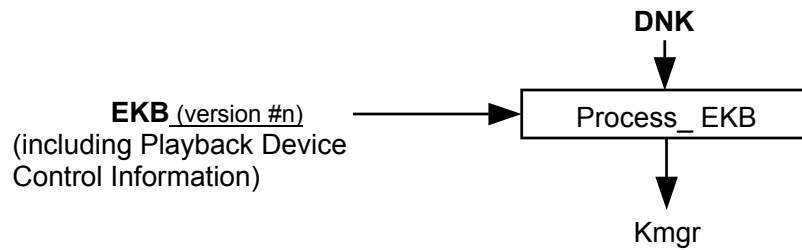
Kmgr

Figure 5.1   DNK and EKB

Also, by updating Kmgr and transmitting information on playback permitted devices using an EKB file, it is possible to revoke illegitimate devices/software (to make playback on the device impossible by making Kmgr not retrievable).

To revoke a particular device (denoted as "Device #A"), a new EKB file of version #n+1 containing new Playback Device Control Information that reflects the revocation information is created and used.

DNK

EKB (version #n+1)
(including Playback Device
Control Information #n+1) ⟶ Process_ EKB

Cannot retrieve Kmgr

"Revoke"

Information to revoke
device #A is reflected.
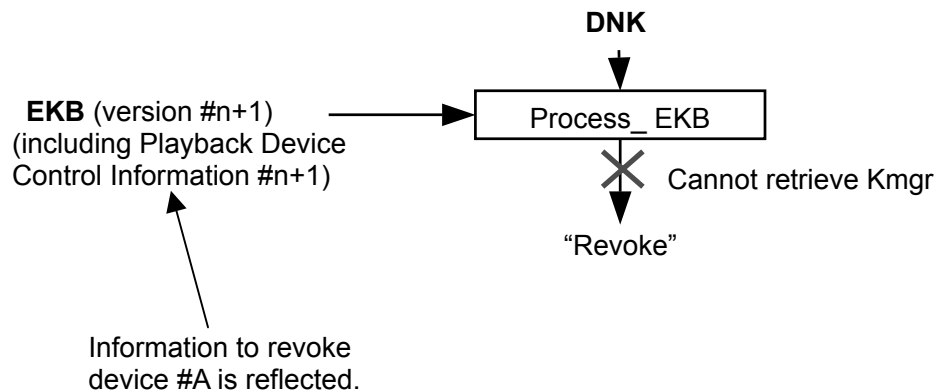
Figure 5.2   Revocation

6. Encryption/Decryption of Content

When playing back or recording content, procedures such as authentication and integrity checking are required in addition to encryption/decryption of content. In this chapter, the summary of the procedures when using Memory Stick PRO as a medium, are explained.

For the encryption/decryption of content, AES is used as the encryption algorithm, whose key length is 128 bits.

6.1 Content Encryption

6.1.1 Authentication

Before transferring the data to the Memory Stick PRO medium, authentication is executed between COMPLIANT PRODUCTS and the Memory Stick PRO medium to verify that the device/ software and medium are legitimate, and then the session key Kse is shared. With authentication, Secure Authenticated Channel (SAC) is established and data can be transferred securely to the medium.

The figure below shows the procedure of authentication between a Secure Video Module and a Memory Stick PRO medium.

1) Sharing the Common Key

   The Memory Stick PRO medium retrieves the Common Key Kmgr from DNK1 and EKB for authentication, both of which are stored inside. Then EKB is transferred to the Secure Video Module, which also retrieves Kmgr from EKB and DNK2 stored inside the Secure Video Module.

2) Sharing the Session Key

   The Memory Stick PRO medium generates a random number R1 and transfer R1 and its Media Unique ID to the Secure Video Module.   The Secure Video Module generates a random number R2 and transfers R2 to the Memory Stick PRO medium.

   The Memory Stick PRO medium calculates Message Authentication Code (MAC) from the Media Unique ID, R1 and R2 using Kmgr and transfers the MAC value to the Secure Video Module. The Secure Video Module also calculates MAC value from the Media Unique ID, R1, and R2 with Kmgr. The Secure Video Module and the Memory Stick PRO medium compares both MAC values at each side   If they do not match, this process has failed and recording is not allowed.

If they match at both sides, the Secure Video Module calculates the Session Key Kse from the Media Unique ID and the MAC value using Kmgr. The Memory Stick PRO medium also calculates the Session Key Kse from the Media Unique ID and the MAC value using Kmgr.

When COMPLIANT PRODUCTS make communication with a Memory Stick PRO medium via USB complying with provisions in this chapter and Robustness Rules, it is regarded as an internal bus and data transfer is permitted.
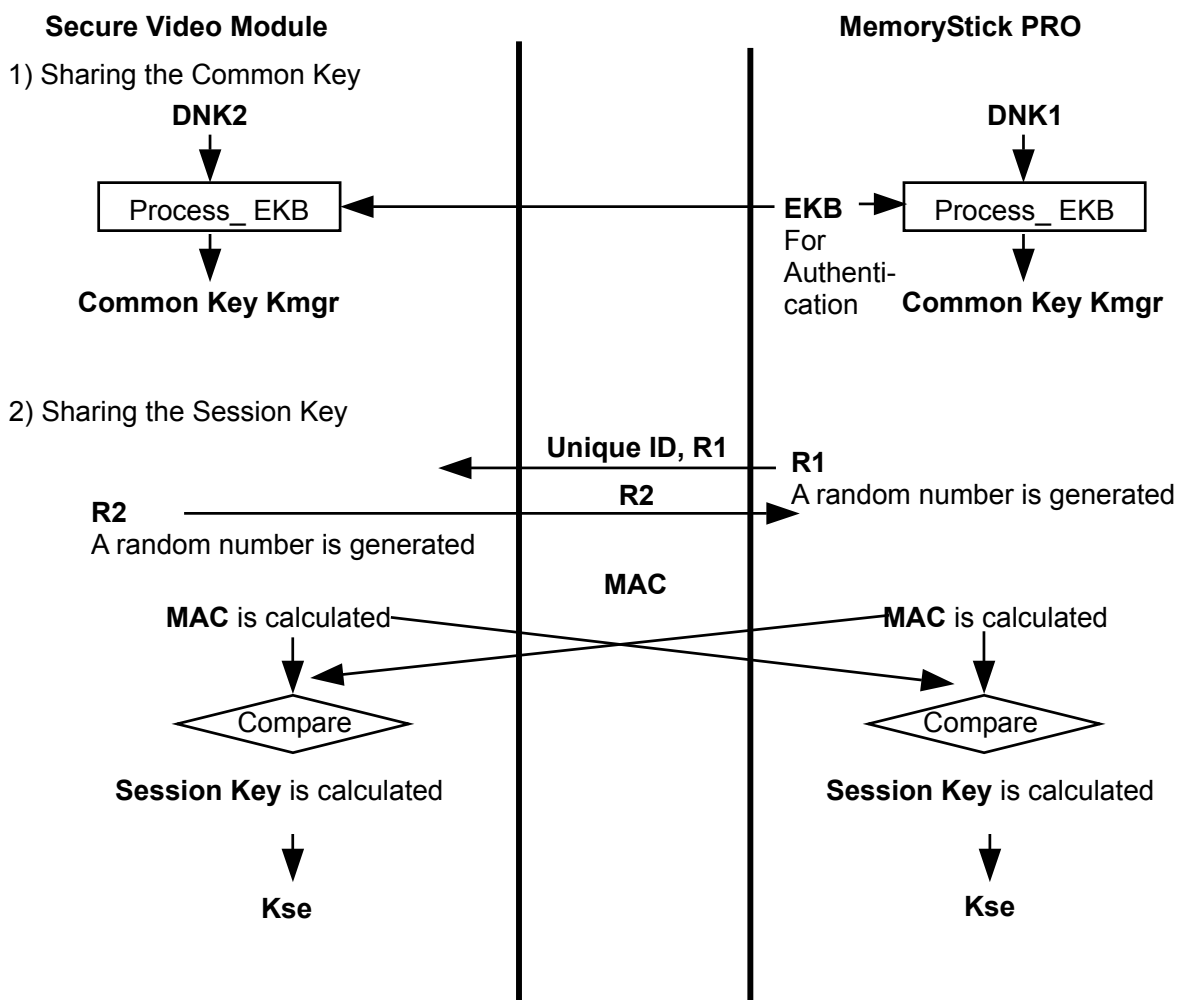
Figure 6.1   Procedure of Authentication

6.1.2   Encryption

*Only when content is already stored on a Memory Stick PRO medium, to prevent additional recording with unauthorized or illegally altered content, the Integrity Check Value (ICV) is checked before the procedure below.   This process is executed with the same procedure as in **6.2.2**.   Refer to **6.1.3** for details of ICV and how it is calculated and recorded.

1) Content key Kc is generated.

2) From DNK and either Default EKB retained by the COMPLIANT PRODUCT or an EKB file with a higher version on the Memory Stick PRO medium, Kmgr is retrieved, which can be handled legitimately only by COMPLIANT PRODUCTS.

3) Kc is encrypted by the prescribed encryption algorithm using Kmgr as the key.

   $E(Kmgr,Kc)$

4) The content is encrypted by the prescribed encryption algorithm using Kc as the key.

   $E(Kc,Content)$

5) The encrypted content key and the version of the EKB file that was used at content encryption is stored on the Memory Stick PRO medium according to the application format that is defined separately.   The encrypted content, encrypted content key, the version of the EKB file and the EKB file used at encryption (or the EKB file created from the Default EKB according to the application format) are transferred to the Memory Stick PRO medium and recorded in the General Purpose Area.
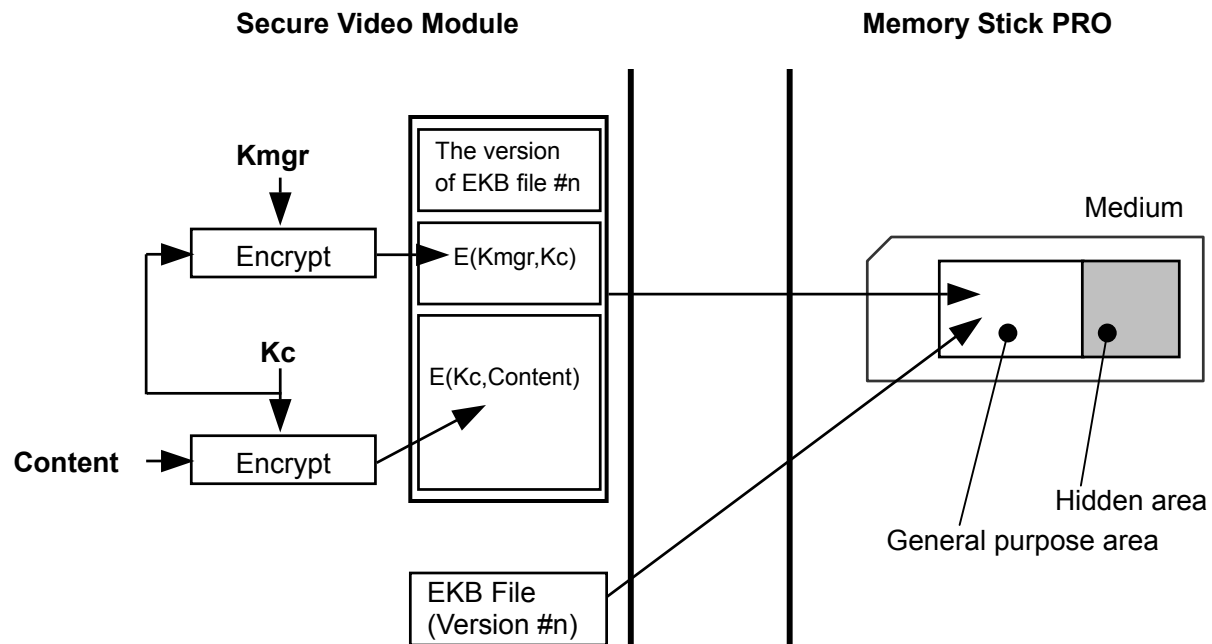
Figure 6.2   Procedure of Content Encryption

6.1.3   Calculating and Storing the ICV

To prevent unauthorized copies or illegal alteration of content, the value (Integrity Check Value, hereinafter denoted as "ICV") to verify integrity of information that must not be altered illegally, such as Content Protection Related Information, is written in the Hidden Area of the Memory Stick PRO medium.

1) The MAC value (C_MAC) for Content Protection Related Information and other information associated to content is calculated using Kc by the Secure Video Module of COMPLIANT PRODUCTS.

    C_MAC = MAC(Kc,Content Protection Related Information||Other information associated to

                content)
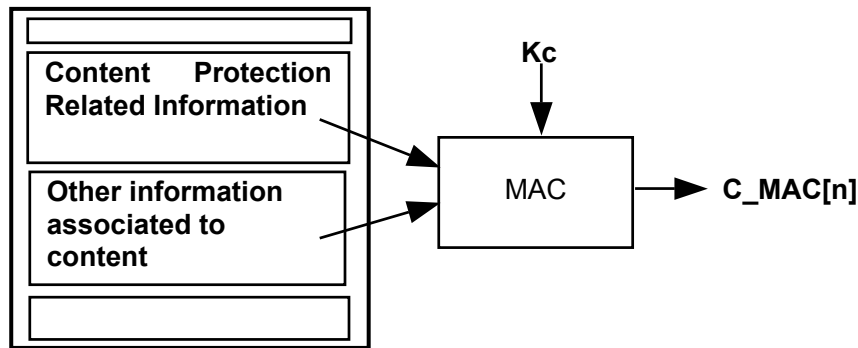
Figure 6.3   Calculation of C_MAC

2) A random number is generated by the Secure Video Module, which is used as the ICV calculation key Kicv to calculate the MAC value for the Media Unique ID and all C_MAC values and other related information.   The resultant value is used as ICV.

ICV = MAC(Kicv,Media Unique ID||C_MAC [1]||C_MAC [2]||C_MAC [3]||…||other related information)

3) After encrypting ICV with the session key Kse by the Secure Video Module, ICV is transferred to the Memory Stick PRO medium via SAC.   ICV is decrypted with Kse within the Memory Stick PRO medium, then written in a secure manner in the Hidden Area according to the application format.

The C_MAC for each content and Kicv encrypted with Kmgr are also transferred to the Memory Stick PRO medium and recorded in the General Purpose Area according to the application format.
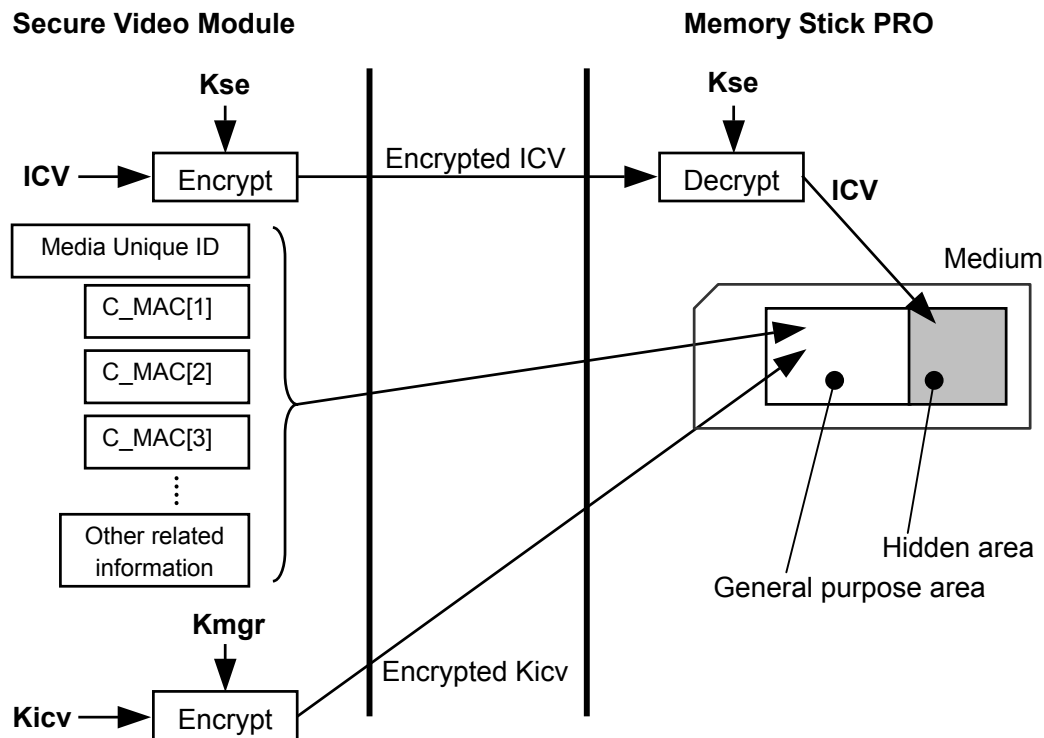
Figure 6.4   Procedure of Calculation and Storing ICV

6.2   Content Decryption

6.2.1   Authentication

Authentication is executed with the same procedure as in **6.1.1**.

6.2.2   Checking ICV

To prevent playback of unauthorized copies or playback by illegitimate devices/software, the ICV is checked before playback of content and legitimacy of the content is verified.

The C_MAC for each content and encrypted Kicv are read out from the prescribed area of the Memory Stick PRO medium.   With these, the ICV is recalculated for all content on the Memory Stick PRO medium.   The resultant value and the ICV read out from the Hidden Area of the Memory Stick PRO medium are compared to confirm that they match.   Also, the C_MAC[n], which is the C_MAC value for the content [n] to be played back is recalculated and compared to the one read out from the

Memory Stick PRO medium to confirm that they match.
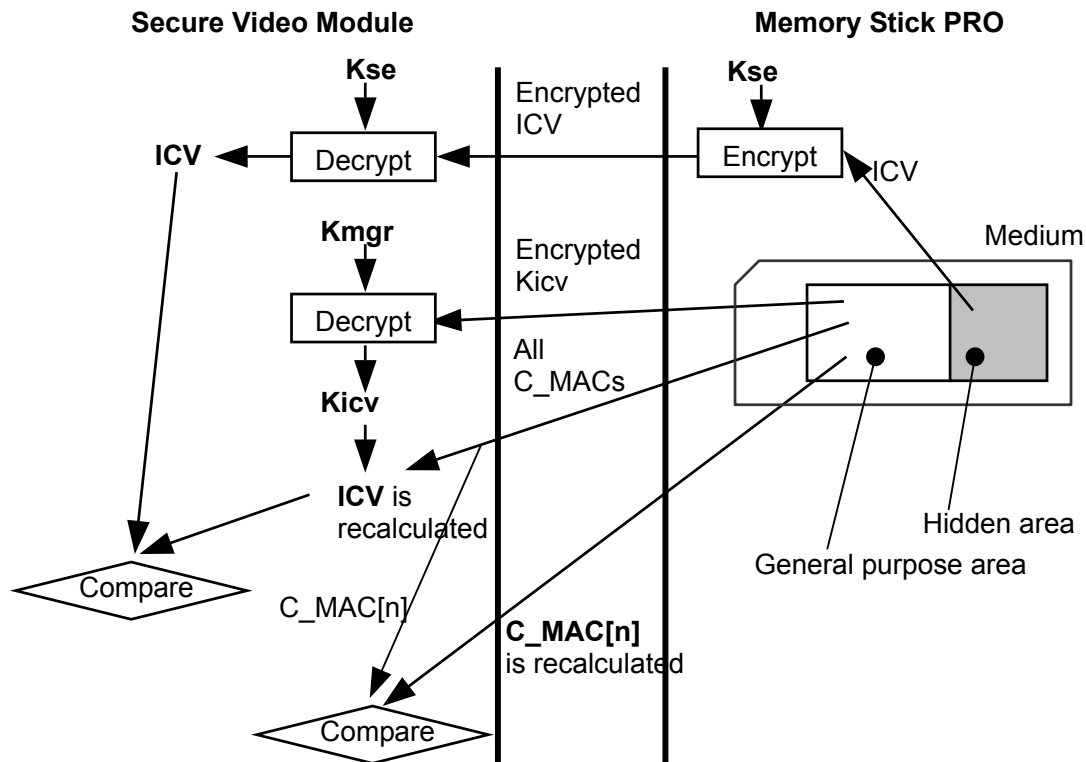
Figure 6.5   Procedure of Checking ICV

6.2.3   Decryption

1) The version of the EKB file used for encrypting the content is read from the Memory Stick PRO medium.   From the EKB file of that version on the Memory Stick PRO medium and the DNK, Kmgr for content key encryption is retrieved.

2) The encrypted content key is read from the Memory Stick PRO medium, which is decrypted using Kmgr.

   D(Kmgr,Kc)

3) The content is decrypted using the content key.

   D(Kc,Content)

Secure Video Module   **Memory Stick PRO**
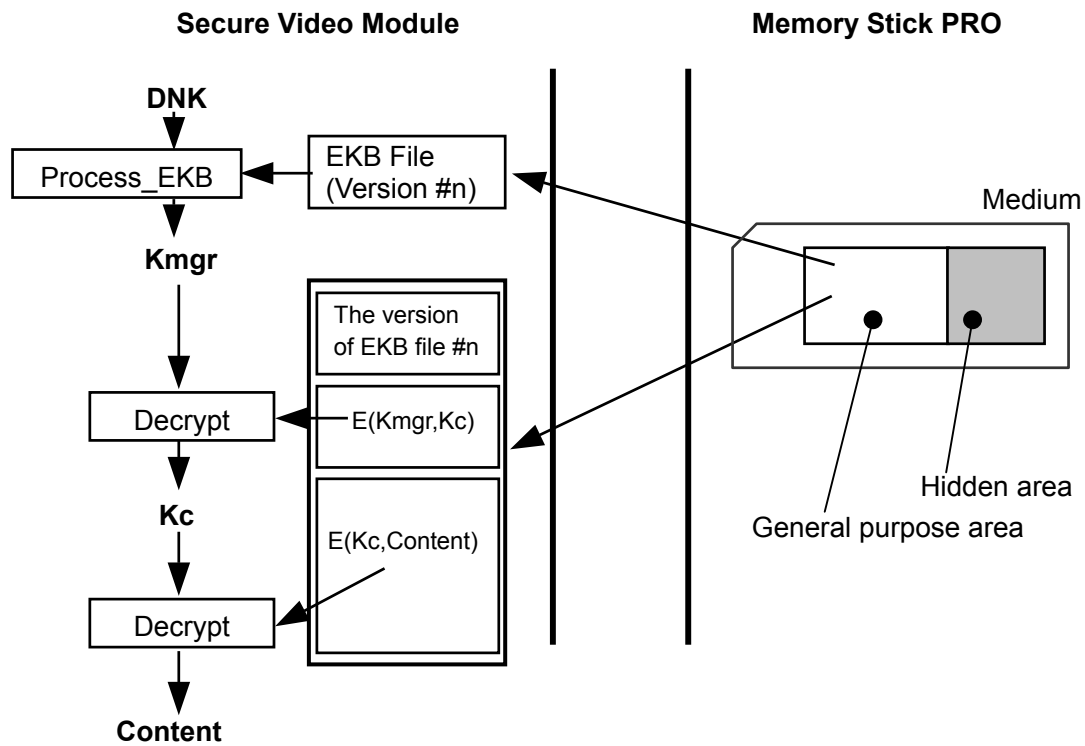
Figure 6.6   Procedure of Content Decryption

Memory Stick PRO System – Secure Video Recording

CONTENT PARTICIPANT AGREEMENT

This Content Participant Agreement (the "Agreement") is entered into this day of   , 2004 (the "Effective Date") by and between SONY CORPORATION, having its registered office in Tokyo, Japan (hereinafter referred to as "Sony") and _____ _____, having its registered office in _____ (hereinafter, together with its Subsidiaries, referred to as "Content Participant").

WITNESSETH:

WHEREAS, Sony has developed a certain data recording, storage and reproduction system under the name "Memory Stick PRO" (hereinafter referred to as the "Memory Stick PRO System");

WHEREAS, Sony has developed a certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital audiovisual content from unauthorized interception, retransmission and copying under the name "MG-R(SVR)" ("MG-R(SVR)");

WHEREAS, Content Participant wishes to have the right, subject to the terms and conditions set forth herein, to use MG-R(SVR) for Memory Stick PRO (defined below), or to cause MG-R(SVR) for Memory Stick PRO to be used, to protect its Commercial Audiovisual Content (defined below) and to obtain certain other rights, including but not limited to certain rights to seek revocation of Device Node Keys (defined below) and to obtain certain third-party beneficiary rights under each Adopter Agreement (defined below);

NOW, THEREFORE, in consideration of the foregoing and of the mutual obligations and covenants hereinafter set forth, the Parties hereby agree as follows:

1. DEFINITIONS.

The following terms shall have the following meanings. All definitions herein shall apply equally to their singular and plural forms, and, except as otherwise expressly stated, all references to sections and exhibits shall be deemed to be to be references to sections of and exhibits to this Agreement. Except as otherwise expressly stated, any reference to "days" in this Agreement shall mean calendar days.

"Adopter Agreement" shall mean any of the following agreements: 1) the Hardware Adopter Agreement, 2) the IC Adopter Agreement and 3) the Media Adopter Agreement.

"Affiliate" shall mean, with respect to any person or entity, any other person or entity that directly or indirectly Controls, is Controlled by or under common Control with such person or entity.

"Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Annual Administration Fee(s)" shall have the meaning set forth in Exhibit B, as may be amended by Sony in accordance with Section 4.1 hereof.

"Arbitrating Parties" shall have the respective meanings set forth in Section 3.6(e)(iii), Section 6.2(a) and Section 12.1.

"Authorized Access Control Method" shall mean a method of delivery of content that is an Authorized Secure Digital Output or any other method of delivery of content by which content is not viewable or accessible other than through a commercially adopted access control method (e.g., CSS, CPPM, CPRM, Digicypher, Harmony, DBS or other digital access control technologies, or digitally controlled analog scrambling systems, whether now or hereafter in commercial use).

"Authorized Secure Digital Output" shall mean a secure transmission output consisting of a Digital Transmission Content Protection ("DTCP")-protected digital output, a High-bandwidth Digital Content Protection ("HDCP")-protected digital output or another type of protected digital output permitted under the Compliance Rules.

"Beneficiary Claim" shall have the meaning set forth in Exhibit A.

"BF Eligible Broadcast Television" shall mean the transmission of any service, Program or schedule of Programs, via a Digital Broadcast Television Transmission originating in any Broadcast Flag Jurisdiction and any substantially simultaneous re-transmission thereof made by an entity located within the country or territory in which the broadcast originated, regardless of whether such entity subjects such further transmission to an access control method.

"Broadcast Flag" shall mean, (i) for Digital Broadcast Transmissions originating in the United States and its territories under the jurisdiction of the Federal Communications Commission, the Redistribution Control descriptor (rc_descriptor) described in ATSC Standard A/65B: "Program and System Information Protocol for Terrestrial Broadcast and Cable" and (ii) for Digital Broadcast Transmissions originating in any other jurisdiction in which a similar law or regulation requires consumer electronics products and information technology products to respond to a flag or trigger associated with such transmissions so as to restrict unauthorized redistribution of such transmissions (such jurisdictions referenced in clauses (i) and (ii), collectively, "Broadcast Flag Jurisdictions"), such flag or trigger so identified in such law or regulation.

"Broadcast Flag Jurisdiction" shall have the meaning set forth in the definition of "Broadcast Flag."

"Claim Notice" shall have the meaning set forth in Exhibit A.

"Commercial Advertising Messages" shall mean, with respect to any service, Program, or schedule or group of Programs, commercial advertising messages other than (a) advertising relating to such service itself or the programming contained therein, (b) the programming of Content Participant or any of its Affiliates, or (c) any advertising which is displayed concurrently with the display of any part of such Program(s), including but not limited to "bugs," "frames" and "banners."

"Commercial Audiovisual Content" shall mean any video or audiovisual works (including, for the avoidance of doubt, the audio portions thereof) that are (a) not created by a consumer; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the

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public at large, or otherwise for commercial purposes, not uniquely to an individual, or a small or private group; and (c) encoded with Content Control Information.

"<u>Comparable</u>" shall mean, when used in connection with a Defined Business Model and an Undefined Business Model, that such Undefined Business Model approximates such Defined Business Model more closely than it approximates any other Defined Business Model.

"<u>Compliance Rules</u>" shall mean the exhibit entitled "Compliance Rules" attached to each Hardware Adopter Agreement, as such exhibit may be amended by Sony from time to time pursuant to Section 3.6.

"<u>Conditional Access Delivery</u>" shall mean any delivery of a service, Program, or schedule or group of Programs via an Authorized Access Control Method. Without limitation, Conditional Access Delivery includes Prerecorded Media; a Pay Television Transmission; Pay-Per-View; Video-on-Demand; Subscription-on-Demand; Non-Premium Subscription Television and Free Conditional Access Delivery. Notwithstanding the foregoing, "Conditional Access Delivery" does not include any service, Program, or schedule or group of Programs, that is a further transmission of a broadcast transmission (<u>i.e.</u>, an over-the-air transmission for reception by the general public using radio frequencies allocated for that purpose) that, substantially simultaneously, is made by a terrestrial television broadcast station located within the country or territory in which the entity further transmitting such broadcast transmission also is located, where such broadcast transmission is not subject to an Authorized Access Control Method (<u>e.g.</u>, is broadcast in the clear and supported by advertising revenues or government-mandated fees, without any other charge to members of the public receiving such broadcasts), regardless of whether such entity subjects such further transmission to an access control method. Notwithstanding the foregoing, Conditional Access Delivery shall include any service, Program, or schedule or group of Programs, that both (a) was primarily authored in a format with a resolution equal to or greater than 1000i or 700p ("High Definition") and (b) is transmitted via an Authorized Access Control Method in High Definition, provided that such service, Program, or schedule or group of Programs is not, substantially simultaneously, transmitted in High Definition by a terrestrial broadcast station located within the same country or territory, where such broadcast transmission is not subject to an Authorized Access Control Method.

"<u>Confidential Information</u>" shall mean any and all confidential and proprietary information, documents and materials relating to MG-R(SVR) for Memory Stick PRO or the SVR CP Specifications, that is disclosed by Sony to Content Participant and is marked "Confidential" at the time of disclosure or, if orally or visually disclosed, is identified as confidential at the time of disclosure and confirmed in writing within thirty (30) days after the date of such disclosure. For avoidance of doubt, "Confidential Information" includes Highly Confidential Information.

"<u>Constrained Image</u>" shall mean an image having the visual equivalent of no more than 520,000 pixels per frame (<u>e.g.</u>, an image with resolution of 960 pixels by 540 pixels for a 16:9 aspect ratio). A Constrained Image may be attained by reducing resolution, for example, by discarding, dithering, or averaging pixels to obtain the specified value. A Constrained Image can be displayed using video processing techniques such as line doubling or sharpening to improve the perceived quality of the image. By way of example, a Constrained Image may be stretched or doubled, and displayed full-screen, on a 1000-line monitor.

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"Content Control Information" shall mean the information that represents the content control status of particular content to a Licensed Product, including but not limited to Copy Control Information, APS Trigger Bits, EPN and ICT.

"Content Participant" shall have the meaning set forth in the preamble to this Agreement.

"Content Participant Affidavit" shall have the meaning set forth in Section 6.2(a) hereof.

"Content Participant Agreement" shall mean this Agreement and any other agreement substantially similar to this Agreement relating to MG-R(SVR) for Memory Stick PRO entered into by a copyright owner or distributor of Commercial Audiovisual Content and Sony.

"Content Participant Beneficiary" shall have the meaning set forth in Exhibit A hereto.

"Content Participant Beneficiary Claim" shall have the meaning given in Section 3.3.

"Control" means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for the election of the Board of Directors or similar managing authority.

"Copy Control Information" shall mean the information that represents the copy control status of particular content to a Licensed Product, including but not limited to AGC, Colorstripe, CGMS-A, CGMS-D and, if Sony has declared the Watermark, any information that represents copy control status that may be carried in the Watermark.

"Copy Control Not Asserted" refers to content for which limitations on copying are not asserted. For the purpose of clarification and avoidance of doubt, such content remains subject to the rights of the copyright owner. For further clarification and avoidance of doubt, content that is not labeled with Content Control Information, is deemed to have a Copy Control Information status of Copy Control Not Asserted.

"Copy Never" refers to Commercial Audiovisual Content that has been labeled as Copy Never indicating that no copies are to be made of such content.

"Copy One Generation" refers to Commercial Audiovisual Content that has been labeled as Copy One Generation indicating that only one generation of copies is to be made of such content.

"Decrypted SVR Data" shall have the meaning given in the Compliance Rules.

"Defendant" shall have the meaning set forth in Exhibit A.

"Defined Business Model" shall mean Prerecorded Media, Video-on-Demand, Pay-Per-View, Pay Television Transmission, Subscription-on-Demand, Non-Premium Subscription Television, Free Conditional Access Delivery, BF Eligible Broadcast Television or Other EPN Eligible Broadcast Television.

"Device Node Key" shall mean a cryptographic value allocated to an individual Licensed Product and provided under a Hardware Adopter Agreement.

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"Digital Broadcast Television Transmission" shall mean an unencrypted digital terrestrial broadcast television transmission.

"Eligible Content Participant" shall have the meaning set forth in Section 3.1.

"encode, or direct to be encoded" shall mean to cause or direct the inclusion of particular Content Control Information so as to cause MG-R(SVR) for Memory Stick PRO (including, for avoidance of doubt, EPN and the Image Constraint Token) to be used to protect the Commercial Audiovisual Content.

"Encoding Rules" shall mean the obligations set forth in Sections 5.1 and 5.2.

"EPN" shall mean an encoding method, including but not limited to the Broadcast Flag, that indicates that Commercial Audiovisual Content is to be protected against unauthorized redistribution and that copy control restrictions are not being asserted with respect to such content.

"Fellow Content Participant" shall mean Content Participant and any other owner or distributor of Commercial Audiovisual Content that has entered into a Content Participant Agreement.

"Free Conditional Access Delivery" shall mean a Conditional Access Delivery, as to which viewers are not charged any fee (other than government-mandated fees) for the reception or viewing of the programming contained therein.

"Hardware Adopter Agreement" shall mean a "Memory Stick PRO Hardware – Secure Video Recording Format - Content Protection License Agreement" entered into by Sony.

"High Definition Analog Form" shall mean a format that is an analog video signal which has a resolution greater than a Constrained Image.

"High Definition Analog Output" shall mean an output capable of transmitting Commercial Audiovisual Content in High Definition Analog Form.

"Highly Confidential Information" shall mean Confidential Information that is marked "Highly Confidential Information" when disclosed in written form.

"IC Adopter Agreement" shall mean a "Memory Stick PRO - Secure Video Recording Format – Secure IC - Content Protection License Agreement" entered into by Sony.

"Image Constraint Token" or "ICT" shall mean the field or bits, as described in the SVR CP Specifications, used to trigger the output of a Constrained Image in Licensed Products.

"Licensed Know-How and Copyrights" shall mean the trade secrets and copyrights embodied in the SVR CP Specifications.

"Licensed Patents" shall mean claims of a patent or patent application under which Sony, any Licensee, any Fellow Content Participant, or any of their respective Subsidiaries, has the right, during the term of this Agreement, without a payment of royalties to third parties, to grant licenses and which claims are necessarily infringed in order to (a) implement MG-R(SVR) for Memory Stick PRO in Licensed Products or (b) to use or cause to be used MG-R(SVR) for Memory Stick PRO to protect Commercial

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Audiovisual Content. "Licensed Patents" do not include any claims relating to aspects of any technology (even if disclosed with particularity), standard or product that is an optional part of the SVR CP Specifications or is not itself part of the SVR CP Specifications, including: (1) claims relating to other copy protection, compression, encoding or decoding technologies (even though such technology, standard or product may otherwise be mentioned in or required by the SVR CP Specifications) or tamper resistance technology; (2) claims that may be practiced in an implementation of any Licensed Product in compliance with the SVR CP Specifications where an alternative implementation of the SVR CP Specifications in a Licensed Product exists that would not infringe such claims (even if in the same patent as Licensed Patents); or (3) claims that read solely on any implementations of any portion of the SVR CP Specifications that are not within the bounds of the scope of use set forth in this Agreement or in any of the Adopter Agreements.

"Licensed Product" shall have the meaning given in each Adopter Agreement.

"Licensee" shall mean an entity that executes one or more Adopter Agreements with Sony.

"Licensee Beneficiary" shall have the meaning set forth in Section 11.2.

"Licensee Beneficiary Claim" shall have the meaning set forth in Section 11.2.

"Major Content Participant" shall mean, during the course of any year, any Fellow Content Participant that either is a member of the MPAA or has generated U.S. box office revenues from theatrical releases of feature films in the immediately prior year that are at least as great as the MPAA member company with the lowest U.S. box office revenues from theatrical releases of feature films for that same year.

"Media Adopter Agreement" shall mean a "Memory Stick PRO Media - Secure Video Recording Format - Content Protection License Agreement" entered into by Sony.

"MG-R(SVR) for Memory Stick PRO" shall mean MG-R(SVR) customized for the Memory Stick PRO System, as set forth in the SVR CP Specifications.

"MPAA" shall mean the Motion Picture Association of America.

"No More Copies" refers to Commercial Audiovisual Content that has been labeled No More Copies, indicating that it may have originated as Copy One Generation, but that the version being transmitted is from that first generation copy and that therefore no more copies are permitted.

"Non-Premium Subscription Television" shall mean a Conditional Access Delivery of a service, or schedule or group of Programs (which may be offered for sale together with other services, or schedule or group of Programs), for which subscribers are charged a subscription fee for the reception or viewing of the programming contained therein, other than Pay Television Transmission and Subscription-on-Demand. By way of example, "basic cable service" and "extended basic cable service" in the United States (other than such programming contained therein that does not fall within the definition of Conditional Access Delivery) are "Non-Premium Subscription Television."

"Other EPN Eligible Broadcast Television" shall mean the delivery or transmission of any service, Program, or schedule or group of Programs, that (a) is delivered or transmitted via an Authorized Access Control Method and (b) does not fall within the definition of "Conditional Access Delivery" or "BF Eligible Broadcast Television."

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"Party" shall mean a party to this Agreement.

"Pay-Per-View" shall mean a delivery of a single Program or a specified group of Programs, as to which each such single Program is generally uninterrupted by Commercial Advertising Messages and for which recipients are charged a separate fee for each Program or specified group of Programs. The term "Pay-Per-View" shall also include delivery of a single Program as described above for which multiple start times are made available at time intervals which are less than the running time of such Program as a whole. If a given delivery qualifies both as Pay-Per-View and a Pay Television Transmission, then, for purposes of this Agreement, such delivery shall be deemed Pay-Per-View rather than a Pay Television Transmission.

"Pay Television Transmission" shall mean a transmission of a service or schedule of Programs, as to which each individual Program is generally uninterrupted by Commercial Advertising Messages and for which service or schedule of Programs subscribing viewers are charged a periodic subscription fee, such as on a monthly basis, for the reception of such programming delivered by such service whether separately or together with other services or programming, during the specified viewing period covered by such fee. If a given delivery qualifies both as a Pay Television Transmission and Pay-Per-View, Video-on-Demand, or Subscription-on-Demand then, for purposes of this Agreement, such delivery shall be deemed Pay-Per-View, Video-on-Demand or Subscription-on-Demand rather than a Pay Television Transmission.

"Prerecorded Media" shall mean the delivery of one or more Programs, in prerecorded and encrypted or scrambled form, on packaged media, such as DVD discs.

"Program" shall mean any work of Commercial Audiovisual Content.

"Revocation" or "Revoked" shall have the meaning set forth in Section 6.1.

"Revocation Criteria" shall have the meaning set forth in Section 6.2.

"Robustness Rules" shall mean the requirements set forth in the exhibit entitled "Robustness Rules" attached to each Hardware Adopter Agreement, as such exhibit may be amended by Sony from time to time in accordance with Section 3.6.

"Subsidiary" shall mean, with respect to any person or entity, any other person or entity (a) that directly or indirectly is Controlled by such person or entity and (b) for which such person or entity has the right to license any claims of any patents or patent applications owned or controlled by such other person or entity relating to MG-R(SVR) for Memory Stick PRO.

"Sony" shall have the meaning set forth in the preamble to this Agreement.

"Subscription-on-Demand" shall mean the delivery of a single Program or a specified group of Programs for which (i) a subscriber is able, at his or her discretion, to select the time for commencement of exhibition thereof; (ii) where each such single Program is generally uninterrupted by Commercial Advertising Messages; and (iii) for which Program or specified group of Programs subscribing viewers are charged a periodic subscription fee for the reception of programming delivered by such service during the specified viewing period covered by the fee. In the event a given delivery of a Program qualifies both as a Pay Television Transmission and Subscription-on-Demand, then for

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purposes of this Agreement, such delivery shall be deemed Subscription-on-Demand rather than a Pay Television Transmission.

"SVR CP Specifications" shall have the meanings given in the Adopter Agreements.

"SVR Data" shall have the meaning given in the Compliance Rules.

"Third-Party Beneficiary" shall have the meaning set forth in Exhibit A.

"Undefined Business Model" shall have the meaning set forth in Section 5.2.

"Video-on-Demand" shall mean a delivery of a single Program or a specified group of Programs for which (i) each such individual Program is generally uninterrupted by Commercial Advertising Messages; (ii) recipients are charged a separate fee for each such single Program or specified group of Programs; and (iii) a recipient is able, at his or her discretion, to select the time for commencement of exhibition of such individual Program or specified group of Programs. In the event a delivery qualifies as both Video-on-Demand and a Pay Television Transmission, then for purposes of this Agreement, such delivery shall be deemed Video-on-Demand.

"Watermark" shall have the meaning given in the Compliance Rules.

2. INTELLECTUAL PROPERTY.

2.1 <u>Non-Assertion Covenant from Sony</u>. Subject to the terms and conditions of this Agreement, including but not limited to Content Participant's compliance with Section 5, Sony, on behalf of itself and its Subsidiaries, hereby promises not to assert against Content Participant any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to use or causation of use of MG-R(SVR) for Memory Stick PRO during the term of this Agreement to protect Commercial Audiovisual Content. The foregoing non-assertion covenant shall not extend to Content Participant or its Subsidiaries if it asserts or if its Subsidiary asserts any claim of infringement under any Licensed Patents or under any Licensed Know-How or Copyrights against Sony or any of its Subsidiaries, or against any Licensee or any Fellow Content Participant or any of their respective Subsidiaries.

2.2 <u>Non-Assertion Covenant from Content Participant</u>. Content Participant, on behalf of itself and its Subsidiaries, hereby promises not to assert against Sony, any Licensee or Fellow Content Participant or any of their respective Subsidiaries, any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to (i) in the case of Licensees, Sony and their respective Subsidiaries the making, having made, use, offering to sell, sale, and otherwise disposing of those portions of Licensed Products that implement MG-R(SVR) for Memory Stick PRO, (ii) in the case of Fellow Content Participants, the using, or causing the use, of MG-R(SVR) for Memory Stick PRO to protect Commercial Audiovisual Content and (iii) with respect to Sony, the licensing of MG-R(SVR) for Memory Stick PRO. The foregoing non-assertion covenant shall not extend to any entity that is asserting, or whose Subsidiary is asserting Licensed Patents or Licensed Know-How and Copyrights against Content Participant or its Subsidiaries.

2.3 <u>Scope of Non-Assertion Covenant</u>. The non-assertion covenants under Sections 2.1 and 2.2 shall extend only to those portions of Licensed Products that implement MG-R(SVR) for Memory Stick PRO to the extent disclosed with particularity in the SVR CP Specifications; and

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shall exclude the use of MG-R(SVR) for Memory Stick PRO in any portion of any product and any combinations thereof, the sole purpose or function of which is not required in order to be a Licensed Product. Notwithstanding anything else in this Agreement, the non-assertion covenants under Sections 2.1 and 2.2 exclude (1) applications, application programming interfaces and user interfaces, including but not limited to the technology used to generate, display or interact with a user, (2) data embedding and content formats (other than as described with particularity in the SVR CP Specifications), (3) tamper resistance technology, (4) aspects of any technology, codec, standard or product not disclosed with particularity in the SVR CP Specifications, even if mentioned in or required by the SVR CP Specifications or Compliance Rules, (5) any portions of the SVR CP Specifications that are optional and (6) claims relating to watermarking technology, semiconductors and semiconductor manufacturing technology, compiler technology, programming languages and object-oriented technology, operating system, middleware and database technology, and networking, intranet, extranet, and Internet technology.

2.4   No License. Nothing in this Agreement shall be construed to grant any right to use MG-R(SVR) for Memory Stick PRO to manufacture any Licensed Product.

3.   RIGHTS GRANTED TO CONTENT PARTICIPANT.

3.1   Rights of Eligible Content Participants. Any Fellow Content Participant shall, during the term of its respective Content Participant Agreement, be entitled to exercise the rights set forth in Sections 3.2, 3.3, 3.4, 3.6 and 3.7, for so long as such Fellow Content Participant (x) is not wilfully in material breach of any term or condition of its Content Participant Agreement, (y) is not otherwise in material breach of any term or condition of its Content Participant Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) days of Content Participant's receipt of notice thereof by Sony and (z) causes or permits distribution or transmission of its Commercial Audiovisual Content (a) in commercial quantities to the general public, (b) in a form capable of being recorded with Licensed Products (such Fellow Content Participant entitled to exercise the rights set forth in this Section 3.1 shall be hereinafter referred to as an "Eligible Content Participant").

3.2   Right to Seek Revocation. Provided that Content Participant is an Eligible Content Participant, it shall have the right to seek Revocation of a Device Node Key pursuant to the terms of Section 6.2.

3.3   Content Participant Third-Party-Beneficiary Rights. At any time during the term of this Agreement, provided that Content Participant is then an Eligible Content Participant, Content Participant shall, together with any one or more other Eligible Content Participants, be a third-party beneficiary of each Adopter Agreement (Content Participant, together with such Eligible Content Participant, "Content Participant Beneficiaries"), and, as such, shall be entitled to bring a claim or action, in accordance with the procedures set forth in Exhibit A hereto, to enforce such rights against a Licensee and/or its Subsidiaries as are specified in the applicable Adopter Agreement (such claim or action, together with any third-party-beneficiary claim brought by any other Content Participant Beneficiary, a "Content Participant Beneficiary Claim"), and to have such remedies as are set forth in such Adopter Agreement, with respect to such Licensee's and/or its Subsidiaries' implementation of MG-R(SVR) for Memory Stick PRO in any product. If an Eligible Content Participant is the prevailing party in any action brought under this Section 3.3, such Eligible Content Participant shall additionally be entitled to an award of certain attorneys' fees, as specified

in the applicable Adopter Agreement. Exercise of Content Participant's third-party-beneficiary rights under any Adopter Agreement shall not constitute an election against any statutory or other extra-contractual remedy or other relief against a Licensee and/or its Subsidiaries that may be available to Content Participant for the same act which gave rise to the Content Participant Beneficiary Claim.

3.4 <u>Enforcement Actions</u>. For so long as Content Participant is an Eligible Content Participant, (i) it shall have the right to communicate with Sony with respect to the status of enforcement actions that are brought by Sony to enforce a Licensee's and/or its Subsidiaries' compliance with its or their Adopter Agreement(s) and that may reasonably implicate Content Participant's Commercial Audiovisual Content and (ii) Sony shall respond to inquiries from Content Participant with respect to such enforcement actions, subject to any confidentiality obligations that may apply under any Adopter Agreement.

3.5 <u>Documents Relating to MG-R(SVR) for Memory Stick PRO</u>.

3.5.1 <u>Effective Documents.</u> Sony represents that, as of the Effective Date, the following documents are the only documents establishing the rights and obligations of Licensees with respect to MG-R(SVR) for Memory Stick PRO:

    (i)   Hardware Adopter Agreement, including its attachments and documents incorporated therein by reference, including the Compliance Rules and Robustness Rules;

    (ii)   SVR CP Specifications;

    (iii)   Media Adopter Agreement;

    (iv)   IC Adopter Agreement; and

    (v)   Content Participant Agreement (with respect to such third-party beneficiary rights as are granted thereunder).

Sony further represents that all Adopter Agreements entered into after the Effective Date shall be substantially in the form of the form Adopter Agreements set forth on Exhibits C-E, provided, however, that such form Adopter Agreements may be amended from time to time in accordance with Section 3.6.

3.5.2 <u>Consistency with Form Adopter Agreements</u>. Sony further represents that (i) the Adopter Agreements, if any, in effect as of the Effective Date (the "Effective Adopter Agreements"), together with all other documents described in Section 3.5.1 in effect as of the Effective Date (collectively, the "Operative Protection Agreements"), are consistent in all material respects affecting the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights (including, for avoidance of doubt, third-party beneficiary rights) of Content Participant with respect to MG-R(SVR) for Memory Stick PRO, with the version of the Adopter Agreements attached hereto as Exhibits C-E, respectively; and (ii) there are no oral or written amendments or understandings with any Licensee varying or modifying such Effective Adopter Agreements or other Operative

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Protection Agreements, other than the Operative Protection Agreements with respect to such integrity, security or operation. Content Participant may review the Operative Protection Agreements upon reasonable notice to Sony.

3.6   Material Changes in Protection or Rights. Sony may make changes to the Operative Protection Agreements or the form Adopter Agreements or issue, execute or amend such other documents or sections of documents with respect to MG-R(SVR) for Memory Stick PRO as are set forth in Section 3.6(a), only in accordance with the following provisions:

(a)   Except to correct any errors or omissions or to make editorial changes (in each case, that would not affect the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Memory Stick PRO), Sony shall provide reasonable advance written notice to Content Participant and identify with specificity, (1) any proposed change, addition or supplement to ARTICLES I (Definitions), II (Intellectual Property), III (Specification; Changes), IV (Device Key Sets), VI (Revocation of Device Node Key), IX (Confidentiality), X (Procedures for Third-Party Beneficiary Claims), Paragraph 11.03 (Effect of Termination) or Paragraph 11.04 (Survival) of any Hardware Adopter Agreement then in effect or of the form Hardware Adopter Agreement attached hereto as Exhibit C, and to the Compliance Rules and Robustness Rules; (2) any proposed change, addition or supplement to ARTICLES I (Definitions), II (Intellectual Property), III (Specification; Changes), VII (Confidentiality), VIII (Procedures for Third-Party Beneficiary Claims), Paragraph 8.03 (Effect of Termination) or Paragraph 8.04 (Survival) of any IC Adopter Agreement then in effect or in the form IC Adopter Agreement attached hereto as Exhibit D, (3) any proposed change, addition or supplement to ARTICLE I (Defintions), II (Intellectual Property), III (Specification; Changes), IV (Media Key Sets), VII (Confidentiality), VIII (Procedures for Third-Party Beneficiary Claims), Paragraph 9.03 (Effect of Termination) or Paragraph 9.04 (Survival) of any Media Adopter Agreement then in effect or the form Media Adopter Agreement attached hereto as Exhibit E-1, (4) any change to any other Operative Protection Agreements (other than the SVR CP Specifications) that would affect the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Memory Stick PRO; (5) the proposed issuance, execution or amendment by Sony of any other document that would affect the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Memory Stick PRO; (6) any notice to any Licensee that such Licensee may have longer than eighteen (18) months to comply with a change to the SVR CP Specifications, Compliance Rules and Robustness Rules; and (7) any change to the SVR CP Specifications affecting Commercial Audiovisual Content. For the purposes of this Agreement, each of the items as to which Content Participant is to receive advance written notice as described in clauses (1) to (7) above is a "Developers' Proposed Action."

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(b)　　Except as otherwise expressly provided in this Section 3.6, for so long as Content Participant is an Eligible Content Participant, it shall have the right, either on its own or with one or more Fellow Content Participants that are each an Eligible Content Participant under their respective Content Participant Agreement, to file a written objection to any Developers' Proposed Action that it believes would have a material and adverse effect on the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Memory Stick PRO. Any such objection shall set forth with specificity the alleged material and adverse effects on the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to MG-R(SVR) for Memory Stick PRO, and shall be delivered to Sony no later than fifteen (15) business days after the date of service of notice by Sony pursuant to Section 3.6(a) at the address specified in the notice provisions of this Agreement.

(c)　　Sony agrees to consider any such objection given pursuant to Section 3.6(b) hereof in good faith. If Sony rejects such objection, Sony shall promptly notify Content Participant of receipt of such objection, and explain in such notice, with specificity, the reasons for such rejection and why the action would not be material or have an adverse effect, including the benefits that would be afforded by the Developers' Proposed Action. If Sony does not receive any written objection from Content Participant or one or more Fellow Content Participants pursuant to Section 3.6(b), Sony may take the applicable Developers' Proposed Action.

(d)　　In the event Sony has served notice referenced in Section 3.6(a) to Content Participant by (x) mail postmarked in the same country as the country in which Content Participant is to receive notices, three (3) days shall be added to the prescribed period for filing an objection or (y) mail postmarked in a country other than the country in which Content Participant is to receive notices, fifteen (15) days shall be added to the prescribed period for filing an objection.

(e)　　If (x) Content Participant is a Major Content Participant and has objected to a Developers' Proposed Action pursuant to Section 3.6(b), (y) Content Participant is joined by other Fellow Content Participants that are Major Content Participants and also are Eligible Content Participants under each of their Content Participant Agreements, which, together with Content Participant, constitute a majority of Major Content Participants, and (z) such majority continues to object to the Developers' Proposed Action notwithstanding communication with Sony pursuant to this Section 3.6, then Content Participant and such Fellow Content Participants (the "Arbitrating Content Participants") shall have the right, within thirty (30) days from receipt of Sony's rejection of such objection pursuant to Section 3.6(c), to initiate an arbitration in accordance with the provisions of this Section 3.6(e).

(i)　　In such arbitration, the Arbitrating Content Participants shall have the burden of demonstrating, based on the preponderance of evidence, that the

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Developers' Proposed Action is material and adversely affects the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of the Arbitrating Content Participants with respect to MG-R(SVR) for Memory Stick PRO (for purposes of this Section 3.6, "material and adverse"). Changes that only insignificantly diminish the integrity, security or operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Memory Stick PRO, shall not be deemed "material" or "adverse."

(ii) Notwithstanding the foregoing provision, the arbitrator(s) may, in his, her or their discretion take into consideration the cumulative effect of multiple related changes made within the then-preceding two (2)-year period that are not material and adverse when considered in isolation, provided that in any such consideration the arbitrator(s) afford(s) countervailing weight to any changes made within the then-preceding two (2)-year period, whether related or not, that have had or, when implemented, will have a beneficial effect on the integrity or security of MG-R(SVR) for Memory Stick PRO or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Fellow Content Participants with respect to MG-R(SVR) for Memory Stick PRO.

(iii) Where the Arbitrating Content Participants have the burden of demonstrating that the Developers' Proposed Action is material and adverse, if they have carried such burden, then Sony may not take the Developers' Proposed Action unless Sony demonstrates, based on the preponderance of evidence, that the Developers' Proposed Action provides a material legal benefit in the form of avoidance of a reasonably-perceived potential legal liability to Sony or Licensees that cannot practically be achieved except by taking the Developers' Proposed Action.

(iii) There shall be a sole arbitrator, who shall be selected by Sony and the Arbitrating Content Participants (collectively, the "Arbitrating Parties") from the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, Sony and the Arbitrating Content Participants shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two (2) arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(iv) The Arbitrating Content Participants and Sony shall, during the course of the arbitration, share equally the costs of arbitration set forth in Section 3.6(e)(F), provided, however, that the arbitrator(s) shall award the prevailing party

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or parties all of its or their costs and expenses, other than attorneys' fees and expenses. In addition, if the arbitrator(s) find(s) that either Sony or the Arbitrating Content Participants has or have advanced its or their position in bad faith or frivolously, he, she or they shall order such party or parties to reimburse the other party or parties for its or their reasonable attorneys' fees and expenses.

(v)   The arbitrator(s) is (are) empowered solely to determine (1) whether the Arbitrating Content Participants have carried their burden of demonstrating that a Developers' Proposed Action is material and adverse and (2) whether or not Sony may take a particular Developers' Proposed Action.

(vi)   The arbitration specified in this Section 3.6(e) shall be conducted in accordance with the following provisions:

(A) The arbitration shall be conducted in New York City (Borough of Manhattan), New York, in accordance with the International Arbitration Rules of the American Arbitration Association. The language of the arbitration shall be English.

(B) The arbitrator(s) may conduct the arbitration in such manner as he, she or they shall deem appropriate, including the imposition of time limits that he, she or they consider(s) reasonable for each phase of the proceeding, but with due regard for the need to act, and make a final determination, in an expeditious manner. The arbitrator(s) shall set a schedule to endeavor to complete the arbitration within one (1) month.

(C) The arbitrator(s) shall permit and facilitate such limited discovery as he, she or they shall determine is reasonably necessary, taking into account the needs of the Arbitrating Parties and the desirability of making discovery as expeditious and cost-effective as possible, recognizing the need to discover relevant information and that only one party may have such information.

(D) The Arbitrating Parties and the arbitrator(s) shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator(s) as Confidential Information. In addition, and as necessary, the arbitrator(s) may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.

(E) Any decision by the arbitrator(s) shall be final and binding on the Arbitrating Parties, except that whether the arbitrator(s) exceeded his, her or their authority, as specifically described in this Agreement, shall be fully reviewable by a court of competent

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jurisdiction. Judgment upon any award shall be entered in a court of competent jurisdiction.

(F) The arbitrator(s) shall be compensated at his, her or their hourly rates, determined at the time of appointment, for all time spent in connection with the arbitration, and shall be reimbursed for reasonable travel and other expenses. The arbitrator(s) shall determine all costs of the arbitration, including the arbitrator(s)' fees and expenses, the costs of expert advice and other assistance engaged by the arbitrator(s), the cost of a transcript and the costs of meeting and hearing facilities. The arbitrator(s) shall endeavor to ensure that all such costs are reasonable.

(f) If (i) no arbitration has been initiated with respect to a Developers' Proposed Action pursuant to Section 3.6(e); or (ii) the arbitrator(s) determine(s) that the Arbitrating Content Participants have not carried their burden of demonstrating that the Developers' Proposed Action is material and adverse, then Sony may take the Developers' Proposed Action, and such action may be effective, according to its terms, thirty (30) days after receipt of Sony's rejection pursuant to Section 3.6(c) or such final determination of the arbitrator(s). In the event that the inability to take a Developers' Proposed Action exposes Sony or its Subsidiaries to potential legal liabilities based on a claim of infringement which cannot practically be avoided except by taking the Developers' Proposed Action, and the Arbitrating Content Participants nonetheless continue to object to the Developers' Proposed Action, Sony and the Arbitrating Content Participants shall discuss in good faith whether and in what circumstances Sony can continue to license MG-R(SVR) for Memory Stick PRO, taking into account considerations, including but not limited to (x) Arbitrating Content Participants' and other content owners' willingness and ability to indemnify Sony and its Subsidiaries with respect to such claim and (y) other costs and liabilities to Sony. If, after such discussions, the Arbitrating Content Participants and Sony are unable to agree on the circumstances in which Sony would be willing to continue to license MG-R(SVR) for Memory Stick PRO, Sony may terminate this Agreement and any other license agreement relating to MG-R(SVR) for Memory Stick PRO to which it is a party.

3.7   New Circumstances. The Parties acknowledge that the Robustness Rules impose certain obligations on Licensees in the event of New Circumstances (as defined in the Robustness Rules). Content Participant may notify Sony of information regarding any circumstances that Content Participant believes in good faith constitute New Circumstances with respect to one or more Licensees, and Sony shall make such information available to the relevant Licensees.

4.   ADMINISTRATION FEES.

4.1   Administration Fee. In consideration of the rights conferred upon Content Participant and the undertakings assumed by Sony as set out herein, Content Participant agrees to pay to Sony a yearly, non-refundable, non-recoupable sum in the amount set out in Exhibit B (the "Administration Fee"). The first payment of such yearly fee shall be due within fifteen (15) days from the Effective Date and the subsequent yearly fees shall be payable by March 1 of the year following the year in which this Agreement has been entered into and of each subsequent year thereafter. As of the first anniversary of the Effective Date, and on an annual basis thereafter, Sony

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shall have the right, upon at least thirty (30) days' notice to Content Participant, to adjust the Administration Fee on a reasonable and nondiscriminatory basis, provided that any increase in such fee shall not exceed an amount commensurate with any increase in Sony's costs (including but not limited to the cost of inflation). In the event that, at any time during the term of this Agreement, Content Participant fails to pay the yearly fee in accordance with the provisions hereof, Sony shall notify Content Participant of such omission, in writing. Content Participant shall remedy its failure to pay the yearly fee within fifteen (15) days from receipt of such written notification and only the failure to pay the yearly fee within such 15-day period shall constitute a material breach by Content Participant of its obligations under this Agreement.

5.   ENCODING RULES.

    5.1   Encoding Rules.

        5.1.1   Content Participant shall not encode, or direct to be encoded, Commercial Audiovisual Content so as to prevent or limit copying thereof in Licensed Products except as follows:

            (a)   to prevent or limit copying of Prerecorded Media, Video on Demand, Pay-Per-View, Subscription-on-Demand, and Undefined Business Models that are Comparable to any of the foregoing; and

            (b)   to prevent or limit copying, other than such first generation of copies as are permitted under the Compliance Rules, of Pay Television Transmissions, Non-Premium Subscription Television, Free Conditional Access Delivery, and Undefined Business Models that are Comparable to any of the foregoing.

        5.1.2   Content Participant shall not encode, or direct to be encoded, Commercial Audiovisual Content so as to prevent or limit the retransmission thereof except as follows:

            (a)   Content Participant may so encode, or direct to be encoded, Commercial Audiovisual Content pursuant to Section 5.1.1;

            (b)   Content Participant may so encode, or direct to be encoded, any Defined Business Models and any Undefined Business Models that are Comparable to such Defined Business Models.

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5.1.3 Content Participant shall not encode, or direct to be encoded, using the Image Constraint Token, Commercial Audiovisual Content so as to prevent or limit any Licensed Products from outputting such content in the form of Decrypted SVR Data in High Definition Analog Form or any unprotected digital equivalent thereof, except with respect to Prerecorded Media, Pay Television Transmissions, Video-on-Demand, Subscription-on-Demand, Pay-Per-View, an Undefined Business Model that is Comparable to any of the foregoing, or any other Conditional Access Delivery of a Commercial Audiovisual Content that had a theatrical release, or was released direct-to-video, and is transmitted or delivered uninterrupted by Commercial Advertising Messages. For purposes of Section 5.1.2(c), to "encode, or direct to be encoded, using the Image Constraint Token" means to direct or cause the setting of the Image Constraint Token so as to cause a Licensed Product that outputs Decrypted SVR Data to a High Definition Analog Output or an unprotected digital equivalent thereof, to output such Decrypted SVR Data as a Constrained Image.

The provisions of this Agreement shall not be taken or offered by any Party as a waiver or license of any copyright interest or an admission of the existence of infringement (or not) of a copyright interest, but represents a technical accommodation with respect to MG-R(SVR) for Memory Stick PRO. Without limiting any term or condition of this Agreement, this Agreement shall not be construed to limit Content Participant's right to seek to protect Commercial Audiovisual Content through means other than MG-R(SVR) for Memory Stick PRO, and the Encoding Rules apply only with respect to the application of MG-R(SVR) for Memory Stick PRO.

5.2   Encoding Rules for Different Business Models and Review Proceeding.

5.2.1   If Content Participant desires to encode or direct to be encoded, Commercial Audiovisual Content in accordance with any business model for the delivery or transmission of such Commercial Audiovisual Content that Content Participant believes does not fall within the definitions of any Defined Business Model (an "Undefined Business Model"), then:

(a)   Content Participant, in encoding, or directing to be encoded, such Commercial Audiovisual Content shall comply with the specific Encoding Rules, permitted by Section 5.1, that are applicable to the Defined Business Model that most closely approximates Content Participant's Undefined Business Model; and

(b)   Content Participant shall make a good faith attempt to notify Sony by the date on which Content Participant makes a public announcement of its determination to implement such business model.

In any event, Content Participant shall give such notice as soon as practicable after such public announcement and by no later than the date on which such Undefined Business Model is actually implemented; provided that the failure of Content Participant to provide such notice shall not be deemed a breach of this Agreement, unless such failure is a result of Content Participant not making a good faith attempt to comply with this Section 5.2.1. In all cases, a press release issued by Content Participant and sent to Sony announcing such

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Undefined Business Model shall suffice to constitute the notice required by this Section 5.2.1.

5.2.2   Any notice provided under Section 5.2.1, other than a press release, shall set forth the Encoding Rules adopted or proposed to be adopted by Content Participant and which Defined Business Model Content Participant believes most closely approximates Content Participant's Undefined Business Model. If the notice provided under Section 5.2.1 is a press release and if such press release does not specify the Encoding Rules adopted by Content Participant for such business model, Content Participant shall, as soon as practicable but, in any event, no later than ten (10) business days after the publication of such press release, provide Sony with a second notice that specifies the Encoding Rules adopted or proposed to be adopted by Content Participant for such business model; provided that the failure of Content Participant to provide such notice shall not be deemed to be a breach of this Agreement, unless such failure is a result of Content Participant not making a good faith attempt to comply with this Section 5.2.2.

5.2.3   For purposes of clarification, a temporary, bona fide trial of a proposed Undefined Business Model shall not be deemed to be a business model as to which notice is required to be given under Section 5.2.1, nor shall it otherwise be deemed to be a breach of any other provision of this Agreement.

5.2.4   Either Sony or Content Participant, on its own initiative or after Sony receives the notice sent pursuant to Section 5.2.1, may notify the other that it desires to meet in order to determine whether Content Participant has complied with Section 5.2.1. Promptly following such other Party's receipt of such notice requesting such meeting, Sony and Content Participant shall meet in good faith to attempt to make such determination. Sony shall keep confidential, and shall not disclose to any third party (other than to its Affiliates and their respective agents and representatives, which agents and representatives have agreed in writing, or are otherwise bound by a fiduciary or legal duty, to keep such information confidential) any proprietary business information disclosed by Content Participant during such meeting that Content Participant designates in writing as "Confidential," provided, however, that Sony shall not be precluded from disclosing such information in any arbitration initiated pursuant to Section 5.2.5 or as may otherwise be necessary to enforce its rights under this Agreement, and provided further that such restriction shall not apply if such information becomes generally known to the public or has been disclosed to Sony by a third party not bound by obligations of confidentiality.

5.2.5   If, after the meetings required by Section 5.2.4, Sony believes that Content Participant is proposing to encode or direct to be encoded, or has encoded or directed to be encoded, Commercial Audiovisual Content, in a manner that would not comply with the specific Encoding Rules, permitted by Section 5.1, that are applicable to the Defined Business Model that most closely approximates Content Participant's Undefined Business Model, Sony's sole remedy shall be to initiate an arbitration in accordance with Section 3.6(f) and this Section 5.2. In such arbitration, Content Participant shall have the burden of demonstrating, based on the preponderance of evidence, that it is or will be encoding such Commercial Audiovisual Content in compliance with Section 5.2.1. In any such arbitration, the arbitrator(s) is (are) empowered solely to determine whether Content Participant has carried such burden, and if it has not, which specific Encoding Rules should

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apply to such Commercial Audiovisual Content based upon the Defined Business Model that most closely approximates Content Participant's Undefined Business Model. In no event is any arbitrator or any court considering mandating arbitration or the enforcement of any decision of any arbitrator, empowered to award any monetary amount or other relief, except as specifically provided in Section 5.2.6.

5.2.6   Each of the parties to the arbitration initiated pursuant to Section 5.2.5 shall bear its own costs and expenses in such arbitration, and otherwise shall share equally the costs of such arbitration. Notwithstanding the immediate preceding sentence and the last sentence of Section 5.2.5, if the arbitrator(s) find(s) that (x) Content Participant's selection of the Encoding Rules for an Undefined Business Model, based on the specific Encoding Rules that are applicable to the Defined Business Model that most closely approximates such Undefined Business Model, was not bona fide, or was capricious or frivolous, or (y) Sony's initiation of an arbitration pursuant to Section 5.2.5 was not bona fide, or was capricious or frivolous, then the arbitrator(s) is (are) empowered to award Sony (in the case of the finding set forth in clause (x)) or Content Participant (in the case of the finding set forth in clause (y)), such Party's costs and expenses, and reasonable outside legal fees and expenses, incurred in such arbitration.

5.2.7   The Parties intend that the issue of which specific Encoding Rules should apply to the transmission or other delivery of Commercial Audiovisual Content pursuant to an Undefined Business Model should be resolved expeditiously. If the date on which Content Participant notifies Sony in accordance with Section 5.2.1 is sixty (60) or fewer days prior to Content Participant's commencement of any such transmission or other delivery, then Sony and Content Participant shall conduct any meetings, or participate in any arbitration initiated pursuant to Section 5.2.5, on an expedited basis. Sony and Content Participant shall take all reasonable efforts to have any such arbitration concluded as expeditiously as possible. Without limiting the foregoing, Sony and Content Participant (x) agree to submit statements providing support for their positions, all supporting documents and witness statements from any witnesses on which they intend to rely within fifteen (15) days after the arbitrator is selected, (y) shall agree on a date for a hearing that is no later than fifteen (15) days after the date of such submission and (z) shall request the arbitrator(s) to render his, her or their determination within fifteen (15) days after such hearing.

5.2.8   If, in accordance with the good faith meetings required by Section 5.2.4, Sony and Content Participant agree as to which specific Encoding Rules should apply to such Commercial Audiovisual Content, or if, in an arbitration conducted pursuant to Section 5.2.5, the arbitrator determines that Content Participant does not or will not comply with the specific Encoding Rules, permitted by Section 5.1, that are applicable to the Defined Business Model that most closely approximates Content Participant's Undefined Business Model, then Content Participant shall implement such agreement or so comply with such Encoding Rules as soon as practicable thereafter.

6.   REVOCATION.

6.1   Generally. The SVR CP Specifications include means by which certain Licensed Product's Device Node Keys may be invalidated, rendering such products unable to decode data via MG-R(SVR) for Memory Stick PRO (generally, "Revocation" or "Revoked").

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6.2   Content Participant Request for Revocation.

(a)   For so long as Content Participant is an Eligible Content Participant, it shall have the right, either on its own or with one or more Fellow Content Participants in which each member of such group is an Eligible Content Participant under its respective Content Participant Agreement to seek Revocation by providing proof to Sony in a sworn affidavit (the "Content Participant Affidavit") of any of the facts relating to any particular Device Node Key that would satisfy one or more of the Revocation Criteria (defined below) and to initiate an arbitration proceeding (Content Participant and such other Fellow Content Participants, if any, that initiate such arbitration, for the purposes of this Section 6.2, the "Arbitrating Content Participants"), in accordance with Section 3.6(e)(vi) (except that the terms "Arbitrating Content Participants" and "Arbitrating Parties" shall have the meanings given in this Section 6.2(a)) and this Section 6.2(a), provided, however, Content Participant may not initiate an arbitration to seek Revocation of the same Device Node Key based on the same set of facts at issue in any prior arbitration initiated by a Fellow Content Participant. The Content Participant Affidavit shall be sufficiently detailed that Sony can determine, solely on the basis of such affidavit whether the facts averred satisfy one or more of the Revocation Criteria:

(i)   Upon receipt of the Content Participant Affidavit, Sony shall review it in light of the Revocation Criteria and, promptly determine whether the facts averred in the Content Participant Affidavit satisfy one or more of the Revocation Criteria.

(ii)   Sony shall promptly provide any Licensee to whom Sony or its designee had issued a Device Node Key for which Revocation has been requested by Content Participant with notice of such requested Revocation and a copy of the Content Participant Affidavit. If such Licensee notifies Sony in writing that such Licensee consents to such Revocation, Sony shall take steps to Revoke the applicable Device Node Key.

(iii)   If the Licensee objects to the Revocation, or does not consent to such Revocation, within fifteen (15) days of receipt of Sony's notice pursuant to Section 6.2(a)(ii), Sony shall so notify Content Participant. Content Participant may initiate an arbitration proceeding to resolve the matter, in accordance with the following procedures, within thirty (30) days after receipt of such notice from Sony.

(iv)   The parties to the arbitration shall be the Arbitrating Content Participants, the affected Licensee(s), if any, that objected to the Revocation pursuant to Section 6.2(a)(iii) and/or any designee(s) that such Licensee(s) may designate (such Licensees and designees, collectively, the "Affected Licensees") and/or, at its election, Sony (collectively, the "Arbitrating Parties"). The Arbitrating Content Participants shall bear the burden of proof in demonstrating, by a preponderance of the evidence, that one or more of the Revocation Criteria have been satisfied.

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(v) There shall be a sole arbitrator, who shall be selected by the Arbitrating Parties from the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, the Arbitrating Content Participants, on the one hand, and the other Arbitrating Parties, on the other hand, shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(vi) The arbitrator(s) is (are) empowered solely to determine (a) whether one or more of the Revocation Criteria have been satisfied and (b) if so, only in the circumstance set forth in clause (x) of this Section 6.2(a)(vi), whether Revocation is warranted. Any such determination by the arbitrator(s) shall be final and binding on the parties to the arbitration, and on Sony, if it is not a party to the arbitration, except that whether the arbitrator(s) exceeded his her, or their, authority as specifically described in this Section 6.2(a)(vi), shall be fully reviewable by a court of competent jurisdiction. In any such arbitration, the Affected Licensee(s), if any, may introduce evidence solely to support the position that one or more of the Revocation Criteria have not been satisfied. In the event that the Arbitrator(s) determine(s) that the Revocation Criteria set forth in Section 6.2(a)(ii) have been satisfied, (x) if Sony is a party to the arbitration and objects to Revocation, it shall have the burden of demonstrating, by a preponderance of the evidence, that Revocation is not warranted, and if Sony fails to meet such burden, Revocation shall be deemed warranted and (y) if Sony is not a party to the arbitration, Revocation shall be deemed to be warranted. In the event that the arbitrator(s) determine(s) that the Revocation Criteria set forth in Section 6.2(a)(i) have been satisfied, Revocation shall be deemed warranted.

(vii) All costs and fees shall be shared equally as between the Arbitrating Content Participants, on the one hand, and the Affected Licensees, if any, that participate in the arbitration, on the other, provided, however, the arbitrator(s) may otherwise apportion such costs and fees among such Arbitrating Content Participants and Affected Licensees, if any, as the arbitrator(s) may determine.

(viii) The prevailing party in such arbitration shall provide to Sony a copy of the arbitrator(s) decision. If, pursuant to this Section 6.2(a), Revocation is warranted, Sony shall, promptly after it receives such decision, take steps to Revoke the applicable Device Node Key.

(b) In the event that Content Participant seeks Revocation (unilaterally or with one or more Fellow Content Participants) in accordance with Section 6.2(a), the objective Revocation criteria set out in either Section 6.2(b)(i) or Section 6.2(b)(ii) (the "Revocation Criteria") must be satisfied.

(i)   a Device Node Key has been cloned such that the same Device Node Key is found in more than one device or product; or

(ii)   a Device Node Key has been lost, stolen, intercepted or otherwise misdirected or made public or disclosed in violation of an Adopter Agreement.

7.   CONFIDENTIALITY.

7.1   <u>Treatment</u>. Content Participant shall comply with the terms of this Section 7.

7.2   <u>Permitted Use</u>. Content Participant shall use Confidential Information solely as may be necessary for the activities contemplated under this Agreement, and shall not use any mentally-retained recollections thereof to circumvent or copy the methods disclosed in the SVR CP Specifications or any other Confidential Information or to circumvent any obligations under this Agreement.

7.3   <u>Confidential Information</u>. Content Participant may disclose Confidential Information only to (i) regular employees of Content Participant and individuals retained as independent contractors who have a reasonable need to know and are bound in writing by obligations of confidentiality sufficient to protect the Confidential Information in accordance with the terms of this Agreement or (ii) Content Participant's attorneys, auditors or other agents who owe Content Participant a duty of confidentiality and are bound to maintain such information in confidence as a result of a fiduciary relationship. Content Participant shall use the same degree of care, but no less than a reasonable degree of care, to avoid unauthorized disclosure or use of Confidential Information as Content Participant employs with respect to its comparably important confidential information. Notwithstanding the foregoing, Content Participant or Sony may disclose Content Participant's status as a party to this Agreement, and such disclosure shall not constitute a disclosure of Confidential Information.

7.4   <u>Contact Person</u>. Content Participant shall designate a single employee and an alternate employee who shall receive all Confidential Information disclosed by Sony.

7.5   <u>Notification of Unauthorized Use or Disclosure</u>. Content Participant shall notify Sony immediately upon discovery of any unauthorized use or disclosure of Confidential Information, and will cooperate with Sony in every reasonable way to regain possession of such Confidential Information and prevent its further unauthorized use or disclosure.

7.6   <u>Disclosure Required by Law</u>. If Content Participant is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Confidential Information, Content Participant shall notify Sony as promptly as possible, and shall, upon Sony's request, reasonably cooperate in challenging or restricting the scope of such required disclosure.

7.7   <u>Confidentiality Exceptions</u>. The confidentiality restrictions contained in this Section 7 shall not apply to Confidential Information that Content Participant can demonstrate: (i) is or becomes or has become generally known to the public through no breach of Content Participant's obligations owed to Sony and which Sony failed to remove from public availability or to enjoin such public disclosure within 120 days after the date such information is or becomes generally known as set forth above; or (ii) is or has been developed by Content Participant's employees (whether independently or jointly with others) without having access (whether directly

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or through any intermediaries) to any such Confidential Information (or any translation, derivation or abstractions of Confidential Information) and without any breach of Content Participant's obligations to Sony; or (iii) is or has been disclosed to Content Participant by a third party that had developed (whether independently or jointly with others) or obtained such information without any access (whether directly or through any intermediaries) to any Confidential Information and without any breach of any such third party's obligations to Sony or any of its Subsidiaries or any violation of applicable law by such third party.

7.8   Highly Confidential Information. In addition to the confidentiality obligations set forth in this Section 7, Content Participant shall not be permitted to receive any Highly Confidential Information unless and until Content Participant has executed a nondisclosure agreement in the form set forth in Exhibit F, an original of which shall be delivered by Content Participant to Sony within two (2) business days of the execution thereof.

7.9   Confidentiality Period. The confidentiality obligations set forth in this Agreement shall continue until ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

7.10   Reverse Engineering. Content Participant shall under no circumstances reverse engineer, decompile, disassemble or otherwise determine the operation of the SVR CP Specifications. Nothing herein shall be construed as an inducement for Content Participant to reverse engineer any products or components in which the SVR CP Specifications are implemented.

8.   TERM/TERMINATION.

8.1   Termination. This Agreement shall be effective upon the Effective Date and shall remain in effect until terminated in accordance with the terms of this Section 8.

8.1.1   Termination by Content Participant. Content Participant shall have the right to terminate this Agreement at any time on or after the first anniversary of the Effective Date upon ninety (90) days prior notice to Sony for any reason or for no reason, or upon reasonable notice to Sony in the event a third-party claim is made that may subject Content Participant to legal liability in connection with MG-R(SVR) for Memory Stick PRO or this Agreement.

8.1.2   Breach. Either Party shall have the right to terminate this Agreement upon notice to the other Party in the event of a material breach by such other Party, which breach remains uncured after, or is not capable of cure within, thirty (30) days of the non-breaching Party providing notice of such breach to the breaching Party.

8.2   Effect of Termination. Within thirty (30) days after termination of this Agreement, Content Participant shall, at the direction of Sony, either: (i) return all Confidential Information to Sony, retaining no copies thereof; or (ii) destroy all Confidential Information in its possession, retaining no copies thereof, and certify such destruction in writing to Sony. In no event shall Content Participant have any liability, after the termination of this Agreement, for any effects, after such termination, of Content Participant having encoded, or directed to be encoded, in accordance with the terms of this Agreement, Commercial Audiovisual Content prior to such termination, including but not limited to in masters or other copies of such content made before such termination.

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8.3   Survival. The terms of Sections 2.1(with respect to any claims of infringement arising prior to termination), 2.2 (with respect to Licensed Patents and Licensed Know-How and Copyrights embodied in the versions of the SVR CP Specifications issued prior to the date of termination), 7, 8.2, 9.2, 10, 11 (with respect to any claims arising prior to termination), 12 and this Section 8.3 shall survive any termination of this Agreement.

9.   REPRESENTATIONS.

9.1   Eligibility. Content Participant represents that it is causing or permitting distribution or transmission, or that it intends to cause or permit distribution or transmission of, Commercial Audiovisual Content with the expectation that such content may be protected with MG-R(SVR) for Memory Stick PRO.

9.2   Compliance with Laws. Content Participant and Sony each represent and warrant that they shall comply with all applicable governmental regulations, laws and orders pertaining to MG-R(SVR) for Memory Stick PRO, including but not limited to with respect to export requirements pursuant to Section 12.6.

10.   WARRANTY, DISCLAIMER AND LIMITATION OF LIABILITY.

The terms of this Section 10 limit the ability of Content Participant to recover any damages from Sony in excess of fees actually paid to Sony by Content Participant; provided that such limitation does not apply with respect to any damages to Content Participant due to gross negligence caused by Sony. Such terms are an essential part of the bargain, without which Sony would not be willing to enter into this Agreement.

10.1   Disclaimer. EXCEPT AS EXPRESSLY PROVIDED HEREIN, ALL INFORMATION, MATERIALS ARE PROVIDED "AS IS." SONY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT, ANY ADOPTER AGREEMENT OR ANY OTHER ACTIVITY OF SONY. WITHOUT LIMITING THE FOREGOING, SONY DOES NOT REPRESENT OR WARRANT THAT MG-R(SVR) FOR MEMORY STICK PRO IS IMMUNE TO HACKING, CODE-BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT SUCH SYSTEM. SONY FURTHER DISCLAIMS ANY WARRANTY THAT ANY IMPLEMENTATION OF THE SVR CP SPECIFICATIONS, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

10.2   Limitation of Liability. NEITHER SONY NOR ITS AFFILIATES NOR ANY OF ITS DIRECTORS, OFFICERS, EQUIVALENT CORPORATE OFFICIALS, MEMBERS, EMPLOYEES, AGENTS OR REPRESENTATIVES ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY, THE "AFFECTED PARTIES") SHALL BE LIABLE TO CONTENT PARTICIPANT FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, OR BASED ON ANY PERSON'S OR ENTITY'S USE OF, OR MAKING,

USING, SELLING OR IMPORTING ANY PRODUCTS THAT IMPLEMENT, MG-R(SVR) FOR MEMORY STICK PRO, WHETHER UNDER THEORY OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY OR OTHERWISE. TO THE EXTENT THAT ANY COURT OF COMPETENT JURISDICTION RENDERS JUDGMENT AGAINST ANY OF THE AFFECTED PARTIES, NOTWITHSTANDING THE ABOVE LIMITATION, THE AFFECTED PARTIES' AGGREGATE LIABILITY TO CONTENT PARTICIPANT IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED ONE YEAR'S FEES PAID BY CONTENT PARTICIPANT HEREUNDER; PROVIDED THAT THE LIMITATION OF LIABILITY SET OUT IN THIS SECTION 10.2 SHALL NOT APPLY TO ANY DAMAGES TO CONTENT PARTICIPANT DUE TO GROSS NEGLIGENCE CAUSED BY SONY.

11.   REMEDIES.

11.1   <u>Equitable Relief</u>. Content Participant and Sony agree and acknowledge that due to the unique nature of certain provisions hereof and the lasting effect of and harm from a breach of such provisions, if Content Participant breaches its obligations hereunder, money damages alone may not adequately compensate an injured party, and that injury to such party may be irreparable, and that specific performance or other temporary, preliminary, or permanent injunctive or equitable relief is an appropriate remedy to prevent further or threatened breaches of such obligations. Sony's remedies hereunder for any breach by Content Participant of this Agreement shall be limited to such injunctive or equitable relief, except in the event that Content Participant wilfully breaches, or engages in a pattern or practice of breaching, its obligations hereunder, it shall be liable for Sony's attorneys' fees and expenses incurred in connection with any enforcement action brought by Sony in which Sony is the prevailing party. Exercise of Sony's rights, or any Licensee's third-party-beneficiary rights, under this Section 11 shall not constitute an election against any statutory or other extra-contractual remedy against Content Participant.

11.2   <u>Licensee Third-Party-Beneficiary Rights</u>. The Parties acknowledge and agree that the compliance of Content Participant with the terms of this Agreement, and the compliance of the other Fellow Content Participants with their respective Content Participant Agreements, is essential to MG-R(SVR) for Memory Stick PRO. As part of the consideration of the rights and licenses granted to Content Participant hereunder, Content Participant hereby confers a third-party-beneficiary right to enforce the obligations of Content Participant under Section 5 upon each Licensee that designs, manufactures or sells Licensed Products for so long as such Licensee is (i) not wilfully in material breach of the terms and conditions of its Adopter Agreement and (ii) not otherwise in material breach of any term or condition of its Adopter Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) days of such Licensee's receipt of notice thereof by Sony or any Fellow Content Participant (each, a "Licensee Beneficiary"). The remedies hereunder for any such Licensee Beneficiary that initiates or institutes a claim or action to enforce the terms of Section 5 (a "Licensee Beneficiary Claim") shall, be limited to seeking injunctive relief, except where Content Participant has wilfully breached, or engaged in a pattern or practice of breaching, its obligations under Section 5, as to which breach(es) reasonable attorneys' fees and costs shall be awarded to each Licensee Beneficiary in connection with each Licensee Beneficiary Claim in which such Licensee Beneficiary is a prevailing party. The procedures set forth in Exhibit A hereto shall govern all Licensee Beneficiary Claims.

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12. MISCELLANEOUS.

12.1   <u>Sony Acknowledgment</u>. Sony represents and covenants to Content Participant that all products that it makes, or that its Subsidiaries make, that implement one or more of the SVR CP Specifications ("Sony Products") shall comply with such SVR CP Specifications and, if relevant, the Compliance Rules and Robustness Rules, then in effect under the applicable Adopter Agreement offered by Sony, provided that in the case of a product that implements the SVR CP Specifications solely in software (a "Sony Software Product"), Sony need not comply with such portions of the applicable SVR CP Specifications that are not applicable to software implementations. For the purposes of this Agreement, Sony Products shall be deemed included in the definition of "Licensed Products". Sony and Content Participant agree that Content Participant's sole remedy in the event of a breach of this Section 12.1 shall be, for so long as Content Participant is an Eligible Content Participant, the right to seek injunctive relief against the manufacture, distribution, commercial use and sale of Sony's or its Subsidiaries' products in violation of this Section 12.1, except that if Sony or its Subsidiaries has wilfully breached, or engaged in a pattern or practice of breaching this Section 12.1, attorneys' fees and costs may be awarded to Content Participant if it is the prevailing party. Any claim or action brought by Content Participant against Sony under this Section 12.1 shall be brought in accordance with the procedures set forth in Exhibit G. Sony agrees that for so long as Content Participant is an Eligible Content Participant it shall have the right to seek Revocation of Device Node Keys issued to Sony or its Subsidiaries as if it were a Licensee, and the terms of Section 6.2 shall apply with respect to such request as if Sony were a Licensee; provided that that the "Affected Licensees" shall be Sony and/or any designee(s) that Sony may delegate and the "Arbitrating Parties" shall be the Arbitrating Content Participants and the Affected Licensees. With respect to Sony Software Products, the Revocation Criteria shall be the criteria listed in Section 6.2(b)(ii).

12.2   <u>Ownership</u>. As between Sony, on the one hand, and Content Participant, on the other hand, all Confidential Information and media containing Confidential Information as provided by Sony to Content Participant hereunder shall remain the property of Sony. Except as expressly provided herein, this Agreement does not give Content Participant any license or other right to Confidential Information.

12.3   <u>Entire Agreement</u>. This Agreement, including the other exhibits hereto, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all oral, written or other agreements, either entered prior to or contemporaneously with this Agreement. This Agreement may not be modified except by written agreement of all Parties.

12.4   <u>Assignment</u>. The rights and licenses granted hereunder are personal to the Parties and no Party may assign nor transfer this Agreement, or any of its rights or obligations hereunder, except (a) with the written approval of the other Party (which shall not be unreasonably withheld or delayed), or (b) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of that Party or to the surviving entity in a merger, reorganization, or other business combination involving that Party where the surviving or acquiring company agrees in writing to be bound by this Agreement, provided that that Party shall use its good faith efforts to provide notice to the other Party of such assignment no later than thirty (30) days after such merger, reorganization or business combination or (c) as otherwise expressly provided in this Section 12.4. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of, and be binding upon, the Parties, their successors and permitted assigns. Sony may assign or transfer this

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Agreement to any person or entity that agrees to assume Sony's obligations hereunder, and Sony shall provide Content Participant with notice thereof no later than thirty (30) days after such assignment or transfer.

12.5   Governing Law; Jurisdiction. THIS AGREEMENT, AND ALL LICENSEE BENEFICIARY CLAIMS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE, AND WITH THE LAWS OF THE UNITED STATES OF AMERICA.

12.5.1   IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY LICENSEE BENEFICIARY CLAIM, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK.

12.5.2   EACH PARTY WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING BUT NOT LIMITED TO A DEFAULT JUDGMENT) OF SUCH COURT PERTAINING TO THIS AGREEMENT OR ANY THIRD PARTY BENEFICIARY CLAIM, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF THE STATE OF NEW YORK AND THE UNITED STATES.

12.6   Export. Content Participant and Sony shall comply with all applicable rules and regulations of the United States, European Union, Japan and other countries and jurisdictions relating to the export or re-export of commodities, software and technical data insofar as they relate to the activities under this Agreement. Each Party agrees that such commodities, software and technical data provided under this Agreement, if any, are subject to restrictions under the export control laws and regulations of the United States, European Union, Japan and other countries and jurisdictions, as applicable, including but not limited to the U.S. Export Administration Act and the U.S. Export Administration Regulations, EU Trade Regulation, and the Japanese Foreign Exchange and Foreign Trade Law, as such may be amended from time to time, and shall obtain any approval required of such Party under such laws and regulations whenever it is necessary for such export or re-export.

12.7   Disclosure of Status of Content Participant. Sony shall have the right to disclose to third parties the fact that Content Participant has executed a Content Participant Agreement and is an Eligible Content Participant and shall, upon request, provide to Content Participant a list of Fellow Content Participants, including identification of Fellow Content Participants that are Eligible Content Participants pursuant to their respective Content Participant Agreements.

12.8   Notice. All notices to be provided pursuant to this Agreement shall be given in writing and shall be effective when either served by personal delivery or upon receipt via certified

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mail, return receipt requested, postage prepaid, overnight courier service or sent by facsimile transmission with hard copy confirmation sent by certified mail, in each case to the Party at the address set out on the signature pages hereof.

12.9   Severability; Waiver. Should any part of this Agreement judicially be declared to be invalid, unenforceable, or void, the Parties agree that the part or parts of this Agreement so held to be invalid, unenforceable, or void shall be reformed by the entity having jurisdiction thereof without further action by the Parties and only to the extent necessary to make such part or parts valid and enforceable. A waiver by any of the Parties of any of the covenants to be performed by the other Party or any breach thereof shall not be effective unless made in writing and signed by the waiving Party and shall not be construed to be a waiver of any succeeding breach thereof or of any covenant herein contained.

12.10   Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The Parties acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

Sony: **Content Participant:**
By: _____   By: _____
Name: _____   Name: _____
Title: _____   Title: _____
Date: _____   Date: _____

Addresses for notices

Sony: **Content Participant:**

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PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS

1.   Prior to initiating or instituting any Content Participant Beneficiary Claim or Licensee Beneficiary Claim (each, a "Beneficiary Claim") against a Licensee or against a Fellow Content Participant, as the case may be (each, a "Defendant"), a Content Participant Beneficiary or Licensee Beneficiary (each, a "Third-Party Beneficiary") shall provide Sony notice and consultation reasonable under the circumstances regarding a proposed Beneficiary Claim; provided that such consultation with Sony shall not limit such Third-Party Beneficiary's complete discretion in initiating or instituting such a Beneficiary Claim. Such Third-Party Beneficiary shall further provide Sony with notice of actual filing of a Beneficiary Claim and, upon Sony's request, any copies of material documents filed in such Third-Party Beneficiary's initiation, institution or pursuit of such Beneficiary Claim.

2.   Following Sony's receipt of notice of a Beneficiary Claim as required by the foregoing paragraph, Sony shall provide all Licensees (in the case of a Licensee Beneficiary Claim) and all Fellow Content Participants (in the case of a Content Participant Beneficiary Claim) with prompt notice of such receipt (a "Claim Notice"). Within thirty (30) days of the date of mailing of a Claim Notice, all Licensee Beneficiaries (in the case of a Licensee Beneficiary Claim), or all Content Participant Beneficiaries (in the case of an Content Participant Beneficiary Claim), shall elect whether to join such Beneficiary Claim, and the failure of any Licensee or Fellow Content Participant to provide written notice to Sony of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Licensee's or Fellow Content Participant's third-party-beneficiary right under its respective Adopter Agreement or Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the Third-Party Beneficiary. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to join by such Third-Party Beneficiaries electing to join such Beneficiary Claim within such thirty (30)-day period. Any judgment entered upon such Beneficiary Claim shall be binding on all Licensees and Fellow Content Participants that failed to join such Beneficiary Claim as if they had joined such Beneficiary Claim. Neither any Licensee's or Fellow Content Participant's failure to notify or consult with Sony or to provide copies, nor Sony's failure to give notice to any Licensee or Fellow Content Participant pursuant to these third-party beneficiary procedures, under paragraphs 1 or 2 shall be a defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.

3. Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any Adopter Agreement or Content Participant Agreement; (ii) has an adverse effect on the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Memory Stick PRO; or (iii) affects any of Sony's rights in and to MG-R(SVR) for Memory Stick PRO or any intellectual property right embodied therein, unless Sony shall have provided prior written consent thereto.

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EXHIBIT B
ADMINISTRATION FEE

Annual Fees: US$12,000

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EXHIBIT C
MEMORY STICK PRO -
SECURE VIDEO RECORDING FORMAT -
CONTENT PROTECTION LICENSE AGREEMENT

EXHIBIT D
MEMORY STICK PRO SECURE IC -
SECURE VIDEO RECORDING FORMAT -
CONTENT PROTECTION LICENSE AGREEMENT

EXHIBIT E
MEMORY STICK PRO -
SECURE VIDEO RECORDING FORMAT -
IC RECORDING MEDIA -
CONTENT PROTECTION LICENSE AGREEMENT

EXHIBIT F
CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY CONTENT PARTICIPANT

To: Sony Corporation, 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001, Japan
(hereinafter referred to as "Sony")

(Company Name of Content Participant) (hereinafter referred to as "Content Participant"), a corporation having a place of business at ***(Address)***, hereby acknowledges and agrees that:

1.   Sony will disclose technical information designated by Sony as "Highly Confidential Information" under the Memory Stick PRO System – Secure Video Recording Content Participant Agreement between Content Participant and Sony made on ***(Month) (Date)***, ***(Year)*** (hereinafter referred to as the "Content Participant Agreement") for the purposes set forth therein;

2.   In addition to the obligations set forth in the Content Participant Agreement, Content Participant and its Subsidiaries shall not disclose Highly Confidential Information to any third party or to its officers and employees other than ten (10) full-time officers and employees of Content Participant or its Subsidiaries respectively, (i) who have an absolute need to know such Highly Confidential Information for the purpose of the exercise of the rights granted in the Content Participant Agreement and (ii) who read and execute Attachment A hereto and provide Sony with one hard copy of such Attachment A executed by such officers and employees before the first access to Highly Confidential Information (such officers and employees shall be hereinafter referred to as "Authorized Employee"). Content Participant and its Subsidiaries shall at all times cause Authorized Employees to strictly abide by obligations set forth in the Content Participation Agreement and this Agreement and shall use the best efforts to cause the Authorized Employees to comply with such obligations after the resignation of such Authorized Employees from Content Participant or its Subsidiaries. Content Participant and its Subsidiaries may substitute another officer or employee of them for an Authorized Employee with Sony's prior written consent only in the event of death, permanent or long-term disability or resignation of such Authorized Employee.

3.   Content Participant agrees that Content Participant and its Subsidiaries, which need to receive Highly Confidential Information from Sony to exercise the rights granted under the Content Participant Agreement, shall, prior to their receipt of Highly Confidential Information, (i) designate their single Authorized Employee who shall conduct an interface with Sony relating to Highly Confidential Information (hereinafter referred to as "Content Participant Contact"), (ii) cause such Content Participant Contact to read and execute the acknowledgment attached hereto as Attachment B, (iii) identify such Content Participant Contact in writing to Sony and (iv) send such executed acknowledgment to Sony.

4.	Content Participant agrees that the number of hard copies of the Highly Confidential Information to be made by Content Participant and its Subsidiaries shall not exceed the number of their Authorized Employees.

5.	Content Participant and its Subsidiaries shall not use the electronic data of Highly Confidential Information for any purpose other than making hard copies. Content Participant and its Subsidiaries shall cause their Content Participant Contact to make such hard copies immediately after the download of such electronic data from the website designated by Sony and delete such electronic data from all hard discs, servers and other data storage instruments immediately after making such hard copies.

6.	The confidentiality obligations set forth in this Agreement shall become effective as of the Effective Date and continue until ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

By signing below, Content Participant attests that Content Participant has read and understood this acknowledgment.

Signed:	_____

Name:	_____

Title:	_____

Signature Date:	_____

cc:	Memory Stick Business Center
	Micro Systems & Network Company
	Sony Corporation

CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES

To: *(Company Name of Content Participant or Content Participant's Subsidiary)*

     I, *(Person's Name)*, a full-time employee of *(Company Name of Content Participant or Content Participant's Subsidiary)* (hereinafter referred to as "Content Participant"), acknowledge that I have been designated by Content Participant as an "Authorized Employee" (defined in the Confidentiality Agreement between Sony Corporation and *(Company Name of Content Participant)* made on *(Month) (Date), (Year)* (hereinafter referred to as the "Agreement") pursuant to the Memory Stick PRO System – Secure Video Recording Content Participant Agreement between Sony Corporation and *(Company Name of Content Participant)* made on *(Month) (Date), (Year)* (hereinafter referred to as the "Content Participant Agreement")).

     I acknowledge that I shall keep in confidence the Highly Confidential Information (as defined in the Content Participant Agreement) of Sony Corporation designated as such by Sony Corporation to Content Participant in accordance with the instructions given from time to time by Content Participant during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR) (as defined in the Content Participant Agreement).

     I further acknowledge that in the event I fail to abide by the terms as described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against *(Company Name of Content Participant or Content Participant's Subsidiary)* to claim damages.

     By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed : _____

Name   : _____

Title   : _____

Date   : _____

cc: Memory Stick Business Center
       Micro Systems & Network Company
       Sony Corporation

CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY CONTENT PARTICIPANT CONTACT

To: *(Company Name of Content Participant or Content Participant's Subsidiary)*

   I, *(Name of the person)*, a full-time officer or employee of *(Company Name of Content Participant or Content Participant's Subsidiary)* (hereinafter referred to as "Content Participant"), acknowledge that I have been designated by Licensee as a "Content Participant Contact" (defined in the Confidentiality Agreement made as of *(Month) (Date)*, *(Year)* between Sony Corporation (hereinafter referred to as "Sony" and Content Participant (hereinafter referred to as the "Agreement") pursuant to the Memory Stick PRO System – Secure Video Recording Content Participant Agreement between Sony Corporation and *(Company Name of Content Participant)* made on *(Month) (Date)*, *(Year)* (hereinafter referred to as the "Content Participant Agreement")), to receive "Highly Confidential Information" (as defined in the Content Participant Agreement) on behalf of Content Participant. I have also been designated by Content Participant as an "Authorized Employee" (as defined in the Agreement) and have executed the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES" attached to the Agreement. In addition to the confidentiality obligations relating to Highly Confidential Information under the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES", as Content Participant Contact, I further undertake as follows:

1. I shall receive Highly Confidential Information in the manner designated by Sony, and shall distribute such Highly Confidential Information only to necessary Authorized Employees of Licensee in accordance with the Agreement.

2. Upon receipt from Sony of any revision to Highly Confidential Information, I shall distribute such revised Highly Confidential Information only to necessary Authorized Employees in accordance with the Agreement.

3. Upon downloading any electronic version of Highly Confidential Information from the website designated by Sony in accordance with Sony' instructions, I shall immediately make the necessary and permitted number of hard copies of such Highly Confidential Information directly from such electronic version and distribute them only to the Authorized Employees of Content Participant, and immediately delete such electronic version from all hard discs, servers and any other data storage instruments after making such hard copies.

4. The obligations set forth above shall be in full force until I am discharged from my role as Content Participant Contact by Content Participant, provided that such discharge from my role as Content Participant Contact shall not affect my confidentiality obligations under the Agreement and the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES".

5.   I further acknowledge that in the event I fail to abide by the terms as described above, Sony shall, in its sole discretion, be entitled to bring an action at law or in equity against Content Participant to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed: _____

Name: _____

Title: _____

Date: _____

cc: Memory Stick Business Center
      Micro Systems & Network Company
      Sony Corporation

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EXHIBIT G
PROCEDURES FOR CLAIMS UNDER SECTION 12.1

Prior to initiating or instituting any claim against Sony alleging a breach of Section 12.1 (a "Section 12.1 Claim") Content Participant shall provide all Fellow Content Participants with prompt notice of its intention to initiate or institute such claim (a "Claim Notice"). Within thirty (30) days of the date of mailing of a Claim Notice, all Fellow Content Participants shall elect whether to join such Section 12.1 Claim, and the failure of any Fellow Content Participant to provide written notice to Content Participant of such election and to move to join such Section 12.1 Claim within such thirty (30)-day period shall be deemed a waiver of such Content Participant's right under its respective Content Participant Agreement with respect to all Section 12.1 Claims against Sony arising out of the alleged breach by Sony asserted by Content Participant. Content Participant shall support, and Sony shall not object to, any motion to join by such Fellow Content Participants electing to join such Section 12.1 Claim within such thirty (30)-day period. Any judgment entered upon such Section 12.1 Claim shall be binding on all Fellow Content Participants that failed to join such Section 12.1 Claim as if they had joined such Section 12.1 Claim.

<u>Memory Stick PRO – Secure Video Recording Format –
Content Protection License</u>

<u>AGREEMENT</u>

This Agreement made as of this ___ day of _____, ____ by and between Sony Corporation, a corporation organized and existing under and by virtue of the laws of Japan, having its principal office at 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001 Japan (hereinafter referred to as "Sony") and _____, a corporation organized and existing under and by virtue of the laws of _____, having its principal office at _____ (hereinafter referred to as "Licensee"),

<u>W I T N E S S E T H</u> :

WHEREAS, Sony has developed a certain data recording, storage and reproduction system named "Memory Stick PRO" (hereinafter referred to as the "Memory Stick PRO System");

WHEREAS, Sony has developed a certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital content from unauthorized interception, retransmission and copying under the name of "MG-R(SVR)" ("MG-R(SVR)");

WHEREAS, Licensee desires to obtain a license from Sony to implement such method in Licensed Products (defined below) used in the Memory Stick PRO System under certain intellectual property rights owned by Sony.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

<u>ARTICLE I</u>
<u>DEFINITIONS</u>

The following terms shall have the following meanings. All definitions herein shall apply equally to their singular and plural forms, and, except as otherwise expressly

stated, all references to Articles, Paragraphs and Exhibits shall be deemed to be to be references to articles and paragraphs of and exhibits to this Agreement.

"Affiliate" shall mean, with respect to any person or entity, any other person or entity that directly or indirectly Controls, is Controlled by or under common Control with such person or entity.

"Commercial Audiovisual Content" shall mean any video or audiovisual works that are (a) not created by a consumer; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the public at large, or otherwise for commercial purposes, not uniquely to an individual, or a small or private group; and (c) is received by an Authorized Protection Method or encoded with Content Control Information.

"Compliance Rules" shall mean the requirements set out in Exhibit C, as may be changed by Sony from time to time pursuant to Paragraph 3.03.

"Confidential Information" shall mean any and all confidential and proprietary information, documents and materials relating to MG-R(SVR) for Memory Stick PRO or the SVR CP Specifications, that is disclosed by Sony to Licensee and is marked "Confidential" at the time of disclosure or, if orally or visually disclosed, is identified as confidential at the time of disclosure and confirmed in writing within thirty (30) days after the date of such disclosure. For avoidance of doubt, "Confidential Information" includes Highly Confidential Information.

"Content Control Information" shall mean the information that represents the content control status of particular content to a Licensed Product, including but not limited to Copy Control Information, APS Trigger Bits, EPN and ICT.

"Content Participant" shall mean a company that has executed a Content Participant Agreement with Sony.

"Content Participant Agreement" shall mean any "Memory Stick PRO System-Secure Video Recording Content Participant Agreement" relating to MG-R(SVR) for Memory Stick PRO entered into by a copyright owner or distributor of Commercial Audiovisual Content and Sony.

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"Control" means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for the election of the Board of Directors or similar managing authority.

"Device Key Set" shall mean a set consisting of a Device Node Key and its related data including, but not limited to, the information used for Revocation (defined below).

"Device Node Key" shall mean a cryptographic value allocated to an individual Licensed Product and provided under a Hardware Adopter Agreement.

"Fellow Licensee" shall mean Licensee and any entity that has entered into a Hardware Adopter Agreement with Sony.

"Format License Agreement" shall mean a "Memory Stick PRO – Secure Video Recording Hardware Format License Agreement" agreement entered into with Sony.

"Hardware Adopter Agreement" shall mean this Agreement and any other "Memory Stick PRO - Secure Video Recording Format - Content Protection License Agreement" entered into with Sony.

"Highly Confidential Information" shall mean Confidential Information that is marked "Highly Confidential Information" when disclosed in written form.

"IC Adopter Agreement" shall mean an agreement with respect to the use of MG-R(SVR) to design, have designed, develop, have developed, manufacture, have manufactured, use, offer for sale, sell or otherwise dispose of certain integrated chips that implement certain core functions of MG-R(SVR), entitled "Memory Stick PRO System – Secure Video Recording Format - Secure IC - Content Protection License Agreement."

"Licensed Know-How and Copyrights" shall mean any trade secrets and copyrights embodied in SVR CP Specifications.

"Licensed Patents" shall mean claims of a patent or patent application under which Sony, any Licensee, any Fellow Licensee, or any of their respective Subsidiaries, has the right, during the term of this Agreement, without a payment of royalties to third parties, to grant licenses and which claims are necessarily infringed in order to (a) implement MG-R(SVR) for Memory Stick PRO in Licensed Products or (b) use or cause to be used MG-R(SVR) for Memory Stick PRO to protect Commercial Audiovisual Content. "Licensed Patents" do not include any claims relating to aspects of any technology (even

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if disclosed with particularity), standard or product that is an optional part of the SVR CP Specifications or is not itself part of the SVR CP Specifications such as, but not limited to, CSS, MPEG, IEEE1394 and any copy protection system (other than MG-R(SVR) for Memory Stick PRO), including: (1) claims relating to other copy protection, compression, encoding or decoding technologies (even though such technology, standard or product may otherwise be mentioned in or required by the SVR CP Specifications) or tamper resistance technology; (2) claims that may be practiced in an implementation of any Licensed Product in compliance with the SVR CP Specifications where an alternative implementation of the SVR CP Specifications in a Licensed Product exists that would not infringe such claims (even if in the same patent as Licensed Patents); or (3) claims that read solely on any implementations of any portion of the SVR CP Specifications that are not within the bounds of the scope of use set forth in this Agreement or any Content Participant Agreement.

"Licensed Products" shall mean a product manufactured pursuant to a Format License Agreement that (i) embodies the designs set out in the SVR CP Specifications and (ii) is in compliance with the SVR CP Specifications, Compliance Rules and Robustness Rules.

"MG-R(SVR) for Memory Stick PRO" shall mean MG-R(SVR) customized for the Memory Stick PRO System as set forth in the SVR CP Specifications.

"Robustness Rules" shall mean the requirements set out in Exhibit D as may be amended by Sony from time to time pursuant to Paragraph 3.03.

"Subsidiary" shall mean, with respect to any person or entity, any other person or entity (a) that directly or indirectly is Controlled by such person or entity and (b) for which such person or entity has the right to license any claims of any patents or patent applications owned or controlled by such other person or entity relating to MG-R(SVR) for Memory Stick PRO.

"SVR CP Specifications" shall mean the specifications listed in Exhibit A, as may be revised by Sony from time to time pursuant to Paragraph 3.03.

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ARTICLE II
INTELLECTUAL PROPERTY

2.01

(a)   Subject to the terms and conditions of this Agreement, Sony hereby promises, on behalf of itself and its Subsidiaries, not to assert any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Licensee or any of Licensee's Subsidiaries with respect to Licensee's or its Subsidiaries' using MG-R(SVR) for Memory Stick PRO to design, have designed, develop, have developed, manufacture, have manufactured, use, offer for sale, sell or otherwise dispose of, during the term of this Agreement, Licensed Products; provided, however, that such non-assertion covenant shall not extend to (i) any implementation of MG-R(SVR) for Memory Stick PRO other than in a Licensed Product; (ii) Licensee or Licensee's Subsidiaries if Licensee or any of Licensee's Subsidiaries are otherwise in violation of this Agreement or (iii) if Licensee asserts or if any of its Subsidiaries asserts any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Sony or any of its Subsidiaries.

(b)   The promises of non-assertion granted to Licensee and Licensee's Subsidiaries under Paragraph 2.01(a) shall in no event be construed to include a promise of non-assertion with respect to the design, development, manufacture, offer for sale, sale or other disposal in whole or in part of any portion of a Licensed Product other than those portions that implement MG-R(SVR) for Memory Stick PRO pursuant to the SVR CP Specifications.

2.02   Licensee, on behalf of itself and its Subsidiaries, hereby agrees not to assert against Sony, any Fellow Licensee or any of their respective Subsidiaries any claim of infringement under its or their Licensed Patents or under any Licensed Know-How or Copyrights with respect to (i) in the case of Fellow Licensees, Sony, and their respective Subsidiaries, the use of MG-R(SVR) for Memory Stick PRO to design, have designed, develop, have developed, manufacture, have manufactured, use, import, offer for sale, sell or otherwise dispose of Licensed Products and (ii) with respect to Sony, the licensing of MG-R(SVR) for Memory Stick PRO; provided, however, the provisions of this Paragraph 2.01(b) shall not extend to any entity that asserts or whose Subsidiary asserts against Licensee or any of its Subsidiaries any claim of infringement under its or their Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to activities or products within the scope of Paragraph 2.01.

2.03   Licensee, on behalf of itself and its Subsidiaries, hereby promises not to assert against any Content Participant or any of its Subsidiaries any claim of infringement under its or their Licensed Patents, or under any Licensed Know-How or Copyrights, with respect to the use or causation of use of MG-R(SVR) for Memory Stick PRO to protect Commercial Audiovisual Content in compliance with the applicable Content Participant Agreement.   The provisions of this Paragraph 2.03 shall not extend to any entity that asserts or whose Subsidiary asserts any claim of infringement under any Licensed Patents, or under any Licensed Know-How or Copyrights, against Licensee or any of Licensee's Subsidiaries with respect to activities or products within the scope of Paragraph 2.01.

2.04   For avoidance of doubt, the non-assertion covenants granted pursuant to Paragraph 2.01 to any entity that is a Subsidiary of Licensee shall apply only for so long as such entity falls within the definition of "Subsidiary" with respect to Licensee.

2.05   For avoidance of doubt, Licensee and Licensee's Subsidiaries shall not sell, offer for sale, distribute or otherwise dispose of any products under this Agreement unless such products are Licensed Products that comply with the SVR CP Specifications, Compliance Rules and Robustness Rules.

ARTICLE III
SPECIFICATION; CHANGES

3.01   Sony shall deliver to Licensee the SVR CP Specifications within thirty (30) days after the date of the execution of this Agreement or the Format License Agreement between Sony and Licensee, whichever comes later.

3.02   The SVR CP Specifications, Compliance Rules and Robustness Rules may be amended from time to time by Sony only in accordance with this ARTICLE III.

3.03   Sony will not make any revisions to the SVR CP Specifications, Compliance Rules or Robustness Rules that would materially increase the cost or complexity of implementation of Licensed Products, or that would require material modifications to product design or manufacturing process of Licensed Products ("Material Changes"), with the exception of changes that are necessary to ensure and maintain necessary protection of content that is recorded or played back by using the MG-R(SVR) for Memory Stick PRO.   Without limiting the foregoing, Sony reserves the right to correct any errors or omissions in the SVR CP Specifications, Compliance Rules or Robustness Rules, or to make changes that would clarify, but not materially amend,

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alter or expand the SVR CP Specifications, Compliance Rules or Robustness Rules, from time to time.

3.04   Licensee shall comply with amendments to the SVR CP Specifications, Compliance Rules and Robustness Rules within eighteen (18) months after notification of such amendments has been sent to Licensee as specified herein or such longer period as Sony may specify.

ARTICLE IV
DEVICE KEY SETS

4.01   Licensee acknowledges that each Licensed Product shall utilize a single Device Key Set generated by or for Sony.

4.02   Licensee shall purchase Device Key Sets for utilization in Licensed Products from Sony or its Subsidiaries as Sony may designate in writing to Licensee from time to time.   The fees for the Device Key Sets are set forth in Exhibit H attached hereto.

4.03   Licensee acknowledges that Sony will from time to time generate new Device Key Sets to reflect updated Revocation information. Within 60 days of receiving notice from Sony that a Device Node Key has been Revoked pursuant to ARTICLE VI and new Device Key Sets are available, Licensee shall cease to incorporate in any Licensed Product any Device Key Set obtained prior to such notice from Sony ("Old Device Key Set").   In no event shall the terms of this Paragraph be construed to convey any obligation, warranty or representation from Sony that it will issue any refund for unused Old Device Key Sets or as establishing any other liability arising out of the activities set out in this Paragraph.

4.03   Unless Licensee is a party to an IC Adopter Agreement, Licensee shall purchase integrated chips that implement certain core functions of MG-R(SVR) from Sony or such third parties as shall be authorized by Sony for the manufacture, distribution and sale of such integrated chips and notified by Sony to Licensee from time to time.   The terms and conditions for the purchase of such integrated chips shall be determined by Licensee and the applicable seller.

4.04   Licensee shall, and shall cause its Subsidiaries to:

(a)   in no event generate, duplicate or modify any Device Key Set;

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(b)   in no event use any Device Key Set for any purpose other than as provided in this Agreement;

(c)   keep any Device Key Sets strictly in a secure location in the custody of Licensee, its Subsidiaries or Subcontractors (as applicable) and take all necessary steps to prevent the loss, misuse, duplication or modification of such Device Key Sets;

(d)   treat Device Key Sets in accordance with the instructions given by Sony from time to time;

(e)   upon the execution of this Agreement, each appoint one (1) employee of Licensee or its Subsidiaries (as applicable) who will order, take receipt of and administer the Device Key Sets on behalf of Licensee or its Subsidiaries (as applicable) and provide Sony with such information as Sony may request from time to time (including, but not limited to, the name and contact information of such employee and any information pertaining to the location or use of any Device Key Set).   Licensee shall give Sony prior written notice of any change in the identity of the employee appointed pursuant to this provision;

(f)   in no event disclose any Device Key Set or information pertaining thereto to any third party except as provided in Paragraph 4.07; and

(g)   either (i) return to Sony all Old Device Key Sets in its or any of its Subsidiaries' or Subcontractors' possession or (ii) destroy all Old Device Key Sets in its or any of its Subsidiaries' or Subcontractor's possession, and certify such destruction in writing to Sony, in each case, immediately after such sixty (60) day period set out in Paragraph 4.03.

4.05 Sony shall, from time to time and upon reasonable prior notice, have the right to inspect security measures implemented at Licensee's, Licensee's Subsidiaries' and their respective Subcontractors' facilities with respect to handling of Device Key Sets.   No such inspection shall be construed as approving such security measures, nor shall any such inspection constitute a waiver or release of Licensee or its Subsidiaries of any liability arising from the breach of this Agreement.

4.06   Without limiting the terms of ARTICLE VIII, nothing contained herein shall be construed as a warranty or representation by Sony as to the authentication capabilities of Device Key Sets.   Sony shall not be liable to Licensee for any direct or indirect damages as a result of the issuance of new Device Key Sets pursuant to this

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ARTICLE IV.

4.07   Licensee and its Subsidiaries acknowledge that Device Key Sets are Confidential Information and may only be disclosed to Subcontractors in accordance with the provisions of ARTICLE V and ARTICLE IX.

ARTICLE V
SUBCONTRACTOR

5.01   If Licensee has any third party use MG-R(SVR) for Memory Stick PRO to design, develop and/or manufacture Licensed Products or any part of Licensed Products for Licensee in accordance with ARTICLE II hereof, Licensee may disclose Confidential Information to such third parties (hereinafter referred to as the "Subcontractors"), provided that Licensee shall cause such Subcontractors to use the Confidential Information only for the design, development and/or manufacture of the Licensed Products or such parts thereof for Licensee and to observe the same degree of obligations of Licensee to Sony hereunder and Licensee shall indemnify and hold Sony and its Subsidiaries harmless from all losses or damages suffered or incurred by Sony or its Subsidiaries as a result of breach by such Subcontractors of the terms and conditions of this Agreement.

5.02   If Licensee needs to disclose the Highly Confidential Information to any Subcontractor pursuant to Paragraph 5.01, Licensee shall cause such Subcontractors to read and execute the acknowledgment as set forth in Exhibit F attached hereto and made a part hereof prior to the disclosure of such Highly Confidential Information.   A copy of such executed acknowledgment shall be sent to Sony by Licensee.

5.03   Failure by any Subcontractor to observe any of the confidentiality obligations set forth in ARTICLE IV, this ARTICLE V and Exhibit F shall constitute a breach of Licensee of this Agreement.

5.04   Licensee agrees that it is strictly prohibited that Subcontractor discloses any Confidential Information to any third party in any manner for any purpose.

ARTICLE VI
REVOCATION OF DEVICE NODE KEY

6.01   The SVR CP Specifications include means by which Device Node Keys (including for the avoidance of doubt, Device Node Keys issued to Licensee or issued to Fellow Licensees) of certain devices may be invalidated, rendering such devices unable to decode data via MG-R(SVR) for Memory Stick PRO ("Revocation" or "Revoked"). Sony may revoke Device Node Keys when it is required to do so pursuant to Paragraph 6.01(c) or it has otherwise been determined, pursuant to the procedures set forth in Exhibit G attached hereto and made a part hereof, that one or more of the criteria set forth in Paragraphs 6.01(a) or (b) ("Revocation Criteria") have been met:

(a)   a Device Node Key has been cloned such that the same Device Node Key is found in more than one device or product;

(b)   a Device Node Key has been lost, stolen, intercepted or otherwise misdirected or made public or disclosed in violation of a Hardware Adopter Agreement; or

(c)   Sony is directed to revoke a Device Node Key by a court order or other competent government authority.

6.02   NEITHER SONY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE TO LICENSEE OR ANY OF LICENSEE'S SUBSIDIARIES FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF REVOCATION OF DEVICE NODE KEYS PURSUANT TO THIS ARTICLE VI.

ARTICLE VII
FEES

7.01   Within thirty (30) days of the Effective Date, Licensee shall pay Sony a nonrefundable sum in the amount of the fee set out in Exhibit I in consideration of the rights conferred upon Licensee and its Subsidiaries and the undertakings assumed by Sony and its Subsidiaries set out in this Agreement by telegraphic transfer remittance into the bank account designated by Sony.   Licensee shall not be entitled to any refund thereof for any reason.

ARTICLE VIII
DISCLAIMER

EXCEPT AS EXPRESSLY PROVIDED HEREIN, THE SVR CP SPECIFICATIONS AND ALL OTHER INFORMATION AND MATERIALS PROVIDED HEREUNDER ARE PROVIDED "AS IS". SONY MAKES NO REPRESENTATION OR WARRANTY AS TO THE VALUE OR UTILITY OF THE LICENSED PATENTS, THE LICENSED KNOW-HOW AND COPYRIGHTS, OR OTHER INFORMATION TO BE SUPPLIED PURSUANT TO THIS AGREEMENT, SUCH AS BUT NOT LIMITED TO THE SVR CP SPECIFICATIONS AND OTHER TECHNICAL INFORMATION, IF ANY, OR THE ABILITY OF LICENSEE TO MAKE USE THEREOF TO SECURE INTERCHANGEABILITY OR INTEROPERABILITY WITH OTHER LICENSED PRODUCTS. SONY MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER THAT THE USE OF THE LICENSED PATENTS, THE LICENSED KNOW-HOW AND COPYRIGHTS OR OTHER INFORMATION, INCLUDING BUT NOT LIMITED TO SVR CP SPECIFICATIONS SUPPLIED TO LICENSEE PURSUANT TO THIS AGREEMENT DOES NOT INFRINGE OR WILL NOT CAUSE INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT OWNED OR CONTROLLED BY ANY THIRD PARTY. LICENSEE UNDERSTANDS AND AGREES THAT SONY MAKES NO WARRANTY WHATSOEVER THAT ANY MANUFACTURING, HAVING MANUFACTURED OR SELLING OF LICENSED PRODUCTS WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS. SONY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIMS IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, SONY DOES NOT REPRESENT OR WARRANT THAT MG-R(SVR) FOR MEMORY STICK PRO IS IMMUNE TO HACKING, CODE BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT THE TECHNOLOGY.

ARTICLE IX
CONFIDENTIALITY

9.01 Licensee agrees that, except as permitted under ARTICLE V, Licensee and Licensee's Subsidiaries shall not disclose to any third party Confidential Information and shall not use the Confidential Information for any purpose other than as provided in

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this Agreement. The obligation set out herein shall not apply to any portion of Confidential Information which Licensee can prove:

      (a) was already known to Licensee at the time of disclosure to Licensee;

      (b) was already a part of the public domain at the time of disclosure to Licensee;

      (c) is or becomes a part of the public domain through no fault of Licensee;

      (d) is rightfully obtained by Licensee without restriction on disclosure or use; or

      (e) was or is independently developed by officers or employees of Licensee who have not had access to Confidential Information.

In order to protect Confidential Information in confidence, Licensee agrees that Licensee and Licensee's Subsidiaries shall take all necessary measures and precautions, including, but not limited to, measures requiring their present and future employees to give suitable undertakings of secrecy both for the period of their employment and thereafter, and that such Confidential Information shall be treated in the same manner and with the same degree of care as Licensee applies and has applied to its own information of a sensitive or confidential nature. Licensee also agrees that Licensee and Licensee's Subsidiaries shall not use Confidential Information or any mentally-retained recollections thereof for any purpose other than the purpose of exercise of the rights granted in this Agreement. Under no circumstances shall Licensee or Licensee's Subsidiaries reverse engineer, reverse translate, decompile, disassemble, or otherwise seek to determine the operation of Confidential Information or allow another to do so.

      9.02   In addition to the obligations set forth in Paragraph 9.01, Licensee and Licensee's Subsidiaries shall not disclose Highly Confidential Information to any third party or to its officers and employees other than ten (10) full-time officers and employees of Licensee or Licensee's Subsidiaries respectively, (i) who have an absolute need to know such Highly Confidential Information for the purpose of the exercise of the rights granted in this Agreement and (ii) who read and execute Exhibit E-1 hereto and provide Sony with one hard copy of such Exhibit E-1 executed by such officers and employees before the first access to Highly Confidential Information (such officers and employees shall be hereinafter referred to as "Authorized Employee"). Licensee and Licensee's Subsidiaries shall at all times cause Authorized Employees to strictly abide by the obligations set forth in this ARTICLE IX hereof and shall use the best efforts to cause the Authorized Employees to comply with such obligations after the resignation of such Authorized Employees from Licensee or Licensee's Subsidiaries. Licensee and Licensee's Subsidiaries may substitute another officer or employee of them for an

Authorized Employee with Sony's prior written consent only in the event of death, permanent or long-term disability or resignation of such Authorized Employee. Licensee and its Subsidiaries shall maintain on their respective premises a secure location in which the Highly Confidential Information shall be stored.

9.03   Notwithstanding Paragraphs 9.01 and 9.02 above, Licensee and Licensee's Subsidiaries may also disclose Highly Confidential Information to a full-time officers and employees of a Subcontractor pursuant to ARTICLE V.

9.04   Licensee agrees that Licensee and Licensee's Subsidiaries, which need to receive Highly Confidential Information from Sony to exercise the rights granted under this Agreement, shall, prior to their receipt of Highly Confidential Information, (i) designate their single Authorized Employee who shall conduct an interface with Sony relating to Highly Confidential Information (hereinafter referred to as "Licensee Contact"), (ii) cause such Licensee Contact to read and execute the acknowledgment attached hereto as Exhibit E-2, (iii) identify such Licensee Contact in writing to Sony and (iv) send such executed acknowledgment to Sony.

9.05   Licensee agrees that the number of hard copies of the Highly Confidential Information to be made by Licensee and Licensee's Subsidiaries shall not exceed the number of their Authorized Employees. Notwithstanding the foregoing, should Licensee or Licensee's Subsidiaries have a Subcontractor design, develop and/or manufacture Licensed Products pursuant to ARTICLE V hereof and need to disclose Highly Confidential Information to such Subcontractor, Licensee and Licensee's Subsidiaries may cause Licensee Contact to make another up to ten (10) hard copies of Highly Confidential Information to disclose it to the Authorized Employees of such Subcontractor; provided that the number of such hard copies shall not exceed the number of Authorized Employees of such Subcontractor in total and Licensee and Licensee's Subsidiaries shall undertake to have such Subcontractor abide by the same confidentiality conditions under this Agreement.

9.06   Licensee and Licensee's Subsidiaries shall not use the electronic data of Highly Confidential Information for any purpose other than making hard copies. Licensee and Licensee's Subsidiaries shall cause their Licensee Contact to make such hard copies immediately after the download of such electronic data from the website designated by Sony and delete such electronic data from all hard discs, servers and other data storage instruments immediately after making such hard copies.

9.07   The confidentiality obligations set forth in this Agreement shall become effective as of the Effective Date and continue until ten (10) years after the last date of

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manufacture by any entity of any product implementing MG-R(SVR).

ARTICLE X
PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS

10.01   Compliance of Licensee and of Licensee's Subsidiaries with the terms of this Agreement is essential to maintain the value and integrity of MG-R(SVR) for Memory Stick PRO. As part of the consideration of the rights granted herein, Licensee and Licensee's Subsidiaries agree that each Content Participant that (x) is not willfully in material breach of any term or condition of its Content Participant Agreement, (y) is not otherwise in material breach of any term or condition of its Content Participant Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) calendar days of such Content Participant's receipt of notice thereof by Sony or any Fellow Licensee and (z) causes or permits distribution or transmission of its Commercial Audiovisual Content (a) in commercial quantities to the general public, (b) in a form capable of being recorded with Licensed Products ("Eligible Content Participant") shall be a third-party beneficiary (hereinafter referred to as the "Content Participant Beneficiary") to this Agreement and shall be entitled during such period that such Content Participant is an Eligible Content Participant, to bring a claim or action (hereinafter referred to as the "Content Participant Beneficiary Claim") to enforce rights against Licensee and Licensee's Subsidiaries in accordance with the procedures set out in Exhibit B attached hereto and made a part hereof, with respect to Licensee and/or Licensee's Subsidiaries' implementation of MG-R(SVR) for Memory Stick PRO in any product that receives or transmits data in a format in which such Eligible Content Participant has made Eligible Content available.   Such third-party beneficiary rights shall be limited to seeking injunctive relief against the manufacture, distribution, commercial use and sale of Licensee's and Licensee's Subsidiaries' products that are in material breach of the SVR CP Specifications, Compliance Rules or Robustness Rules, and against disclosure of Highly Confidential Information in breach of this Agreement that affects the integrity or security of MG-R(SVR) for Memory Stick PRO, except where such Licensee or its Subsidiary has willfully breached or engaged in a pattern or practice of breaching, such obligations, as to which breach attorneys' fees and costs may be awarded.

10.02   For so long as Licensee and its Subsidiaries (x) are not willfully in material breach of any terms and conditions of this Agreement, and (y) are not otherwise in material breach of any terms or conditions of this Agreement, whose breach has not been cured or is not capable of cure within thirty (30) calendar days of Licensee and/or Licensee's Subsidiaries' receipt of notice thereof by Sony, Licensee shall be a third-party

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beneficiary (hereinafter referred to as the "Licensee Beneficiary") to each Content Participant Agreement and shall be entitled to bring a claim or action (hereinafter referred to as the "Licensee Beneficiary Claim") to enforce rights against Content Participants, in accordance with the third-party beneficiary procedures set forth in Exhibit B attached hereto and made a part hereof, with respect to such Content Participants' compliance with its obligation under its Content Participant Agreement regarding the encoding rules set forth therein. Licensee acknowledges that such third-party beneficiary rights shall be limited to seeking equitable relief, except where such Content Participant has willfully breached, or engaged in a pattern or practice of breaching, such obligations, as to which breach(es) reasonable attorneys' fees and costs shall be awarded to Licensee if Licensee is the prevailing party.

ARTICLE XI
TERM AND TERMINATION

11.01   This Agreement shall be effective from the date first written above and, unless otherwise terminated, shall continue in full force and effect until the Format License Agreement between Sony and Licensee is terminated or expired.

11.02   Either party shall have the right to terminate this Agreement upon at least thirty (30) days prior written notice to the other party in the event that the other party breaches any provision of this Agreement, and does not cure such breach during said thirty (30) day period, or immediately if the Licensee is adjudicated a bankrupt; makes an assignment for the benefit of creditors; takes advantage of any insolvency act; or is the subject of a case for its liquidation or reorganization under any law. Notwithstanding the foregoing, in the event the Licensee breaches any provision of ARTICLE IX, Sony may terminate this Agreement immediately upon notice to Licensee. Any notice of termination hereunder shall specify the date on which this Agreement shall end.

11.03   Upon termination or expiration of this Agreement, Licensee and its Subsidiaries shall immediately cease use of Device Key Sets. Within thirty (30) days after termination or expiration of this Agreement, Licensee shall as directed by Sony (i) return all Confidential Information (including, but not limited to such Device Key Sets) in its or any of its Subsidiaries' or Subcontractors' possession, to Sony, retaining no copies thereof, or (ii) destroy all Confidential Information (including, but not limited to such Device Key Sets) in its or any of its Subsidiaries' or Subcontractors' possession, retaining no copies thereof, and certify such destruction in writing to Sony.

11.04 The terms of Paragraphs 2.01 (with respect to any claims of infringement arising prior to termination), 2.02 and 2.03 (both with respect to the Licensed Patents and Licensed Know-How and Copyrights embodied in the versions of the SVR CP Specifications issued prior to the date of termination), 2.04 and 2.05, ARTICLE V, ARTICLE VIII, ARTICLE IX and ARTICLE X, ARTICLE XII and this ARTICLE XI shall survive any termination or expiration of this Agreement.

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ARTICLE XII
MISCELLANEOUS

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12.01 Licensee shall not assign or transfer any of its rights or obligations hereunder without the prior written consent of Sony.

12.02 Should any provision of this Agreement be finally determined void or unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions hereof, provided that, in such event, Sony shall have the right to terminate this Agreement by written notice to Licensee.

12.03 Nothing contained in this Agreement shall be construed:

(a) as imposing on Sony or any of its Subsidiaries any obligation to institute any suit or action for infringement of any of the Licensed Patents or to defend any suit or action brought by a third party which challenges or concerns the validity of any of such Licensed Patents, it being expressly understood that Licensee shall have no right to institute any such suit or action for infringement or challenging the validity of any such Licensed Patents;

(b) as imposing any obligation to file any patent application or to secure any patent or to maintain any patent in force;

(c) as conferring any license or right to copy or to simulate the appearance and/or design of any product of Sony or Sony's Subsidiaries, except as expressly provided herein;

(d) as conferring any license to Licensee under any intellectual property rights of Sony or Sony's Subsidiaries, other than as expressly provided in this Agreement; or

(e) Without limiting the terms of ARTICLE VIII, as a warranty, assurance or representation by Sony to Licensee as to quality level, no-defect,

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compatibility or completeness of any Licensed Product implementing MG-R(SVR) for Memory Stick PRO.

12.04 If at any time a party hereto elects not to assert its rights under any provision of this Agreement, such action or lack of action in that respect shall not be construed as a waiver of its rights under said provision or of any other provision of this Agreement.

12.05 Licensee shall comply with all applicable export control laws, copyright protection laws or all other relevant laws and regulations of Japan and other countries related to activities under this Agreement. Licensee shall obtain any approval or authorization from Japan or other governments as required under such laws and regulations at its own cost and responsibility.

12.06 All notice and other communications required or permitted to be given under this Agreement must be in writing and will be effective when delivered personally, sent by facsimile or e-mail later confirmed by registered mail, or sent by registered mail, postage prepaid and addressed to the parties at their respective address set forth below, or at any new address or addresses subsequently designated in writing by either party to the other.

Sony: Sony Corporation
Attention: General Manager
          Strategy & Licensing Department
          Intellectual Property Division
Address: 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001 Japan

Licensee: _____
Attention: _____
Address: _____

12.07 Governing Law; Jurisdiction.

(a) THIS AGREEMENT, AND ALL BENEFICIARY CLAIMS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE, AND WITH THE LAWS OF THE UNITED STATES OF AMERICA.

(b)   IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY BENEFICIARY CLAIM, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK.

(c)   EACH PARTY WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING BUT NOT LIMITED TO A DEFAULT JUDGMENT) OF SUCH COURT PERTAINING TO THIS AGREEMENT OR ANY BENEFICIARY CLAIM, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF THE STATE OF NEW YORK AND THE UNITED STATES.

12.08   In the event that any terms of this Agreement conflict with any terms of the Format License Agreement between Sony and Licensee, this Agreement shall control.

12.09   This Agreement, including the exhibits hereto and all documents incorporated herein by reference, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all oral, written or other agreements, either entered prior to or contemporaneously with this Agreement.   This Agreement may not be modified except by written agreement of the parties hereto.

12.10   In construing the terms of this Agreement, no presumption shall operate in either party's favor as a result of its counsel's role in drafting the terms hereof.

12.11   This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The parties hereto acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

IN WITNESS WHEREOF, the parties hereof have caused this Agreement to be signed on the date first above written.

Sony: **Licensee:**

Sony Corporation   _____

By: _____   By: _____

                                                  (Name)
                                                  (Title)

EXHIBIT A
SVR CP SPECIFICATIONS

Memory Stick Standard Secure Video File Format Specifications ver. 1.0
Memory Stick Standard Secure Video Application Note for Video ver. 1.0

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EXHIBIT B
PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS

1.   Prior to initiating or instituting any Content Participant Beneficiary Claim or Licensee Beneficiary Claim (each, a "Beneficiary Claim") against a Fellow Licensee or against a Content Participant, as the case may be (each, a "Defendant"), a Content Participant Beneficiary or Licensee Beneficiary (each, a "Third-Party Beneficiary") shall provide Sony notice and consultation reasonable under the circumstances regarding a proposed Beneficiary Claim; provided that such consultation with Sony shall not limit such Third-Party Beneficiary's complete discretion in initiating or instituting such a Beneficiary Claim. Such Third-Party Beneficiary shall further provide Sony with notice of actual filing of a Beneficiary Claim and, upon Sony's request, any copies of material documents filed in such Third-Party Beneficiary's initiation, institution or pursuit of such Beneficiary Claim.

2.   Following Sony's receipt of notice of a Beneficiary Claim as required by the foregoing paragraph, Sony shall provide all Fellow Licensees (in the case of a Licensee Beneficiary Claim) and all Content Participants (in the case of a Content Participant Beneficiary Claim) with prompt notice of such receipt (a "Claim Notice"). Within thirty (30) calendar days of the date of mailing of a Claim Notice, all Licensee Beneficiaries (in the case of a Licensee Beneficiary Claim), or all Content Participant Beneficiaries (in the case of an Content Participant Beneficiary Claim), shall elect whether to join such Beneficiary Claim, and the failure of any Fellow Licensee or Content Participant to provide written notice to Sony of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Fellow Licensee's or Content Participant's third-party-beneficiary right under its respective Adopter Agreement or Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the Third-Party Beneficiary. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to join by such Third-Party Beneficiaries electing to join such Beneficiary Claim within such thirty (30)-day period. Any judgment entered upon such Beneficiary Claim shall be binding on all Fellow Licensees and Content Participants that failed to join such Beneficiary Claim as if they had joined such Beneficiary Claim. Neither any Fellow Licensee's or Content Participant's failure to notify or consult with Sony or to provide copies, nor Sony's failure to give notice to any Fellow Licensee or Content Participant pursuant to these third-party beneficiary procedures, under paragraphs 1 or 2 shall be a defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.

3.   Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any Adopter Agreement or Content Participant Agreement; (ii) has an adverse effect on the integrity or security of MG-R(SVR) for Memory Stick PRO, or the operation of MG-R(SVR) for Memory Stick PRO with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to MG-R(SVR) for Memory Stick PRO; or (iii) affects any of Sony's rights in and to MG-R(SVR) for Memory Stick PRO or any intellectual property right embodied therein, unless Sony shall have provided prior written consent thereto.

Exhibit C

Compliance Rules

INDEX

1. Definitions

Capitalized terms below shall have the respective meanings set forth below. All other capitalized terms used in this Exhibit C shall have the respective meanings set forth in the Content Protection License Agreement or SVR CP Specifications. Unless otherwise expressly stated herein, all section references in this Exhibit C shall be deemed references to this exhibit.

1.1 "**AGC**" or "**Automatic Gain Control**" shall mean the copy control system identified as such (a) for 525/60 or 625/50 interlace scan analog video systems, in the document entitled "Specification of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, September 30, 1999," and (b) for 525/60 or 625/50 progressive scan analog video systems, in the document entitled "Specification of the Macrovision AGC Copy Protection Waveforms for Products with 525p and/or 625p YPbPr Progressive Scan Outputs, Revision 1.2 (February 24, 2003)."

1.2 "**Analog Protection System (APS)**" shall mean the method of protecting analog video content that consists of Automatic Gain Control and Colorstripe.

1.3 "**APS Trigger Bits**" shall mean the information encoded in digital and analog copies of Commercial Audiovisual Content, and in the transmission thereof, in order to trigger the generation of the APS, as specified (a) for 525/60 interlace scan video systems, in IEC 61880 (for inclusion of such value on line 20) or EIA-608-B (for inclusion of such value in line 21), and (b) for 525/60 progressive scan analog video systems, in IEC61880-2 (for inclusion on line 41).

1.4 "**Authorized Access Control Method**" shall mean a method of delivery of content that is an Authorized Secure Digital Output or any other method of delivery of content by which content is not viewable or accessible other than through a commercially adopted access control method (e.g., CSS, CPPM, CPRM, Digicypher, Harmony, DBS or other digital access control technologies, digitally controlled analog scrambling systems, whether now or hereafter in commercial use).

1.5 "**Authorized Protection Method**" shall mean an Authorized Access Control Method or a method of delivery of content that signals content protection through use of a Broadcast Flag associated with such content.

1.6 "**Authorized Secure Digital Output**" shall mean DTCP or HDCP protected digital outputs, in each case as defined hereinafter, or another type of secure digital output approved by Licensor.

1.7 "Bound Recording Method" shall mean a method for recording content that effectively and uniquely associates such content with a single Licensed Product (using a cryptographic protocol or other effective means) so that the content of such recording cannot be accessed in usable form by another product except where such content is passed to or accessed by such product via a method permitted under these Compliance Rules.

1.8 "Bound Recording" shall mean a recording made using a Bound Recording Method.

1.9 "Broadcast Flag" shall mean (i) for unencrypted digital terrestrial broadcast television transmissions ("DTV Content") originating in the United States and its territories under the jurisdiction of the Federal Communications Commission, the Redistribution Control descriptor (rc_descriptor()) described in ATSC Standard A/65B: "Program and System Information Protocol for Terrestrial Broadcast and Cable." and (ii) for unencrypted digital terrestrial broadcast television transmissions originating in any other jurisdiction in which a similar law or regulation requires consumer electronics products and Computer Products to respond to a flag or trigger associated with such transmissions so as to restrict unauthorized redistribution thereof, such flag or trigger so identified in such law or regulation.

1.10 "CGMS-A" shall mean the Copy Generation Management System (analog) as specified (a) for 525/60 interlace scan analog video systems, in IEC 61880 (for inclusion of such value on line 20) or EIA-608-B (for inclusion of such value in line 21), (b) for 625/50 interlace scan analog video systems in ETS 300294 (for inclusion of such value on line 23), (c) for 525/60 progressive scan analog video systems, in IEC61880-2 (for inclusion on line 41), (d) for 625/50 progressive scan analog video systems, in IEC62375 (for inclusion on line 43), and (e) for 750/60 progressive or 1125/60 interlace scan analog video systems, in EIAJCPR 1204-2 (defining the signal waveform carrying CGMS-A) and IEC61880 (defining the bit assignment for CGMS-A).

1.11 "CGMS-D" shall mean the Copy Generation Management System (Digital) as specified for the DV Format in the "Blue Book: Specifications of Consumer Use Digital VCRs (DV)".

1.12 "Colorstripe" shall mean the so-named copy control system specified for NTSC analog composite video signals in the document entitled "Specification of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, September 30, 1999".

1.13 "Commercial Audiovisual Content" shall mean any audio, video or audiovisual works that are (a) not created by a consumer; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the public at

large, or otherwise for commercial purposes, not uniquely to an individual, or a small or private group; and (c) encoded with Content Control Information.

1.14 "Computer Product" shall mean a device that is designed for or permits the end user to install a variety of commercially available software applications thereon, including but not limited to personal computers, handheld "Personal Digital Assistants," and the like and further includes a subsystem of such a device, such as a graphics card.

1.15 "Constrained Image" shall mean an image having the visual equivalent of no more than 520,000 pixels per frame (e.g. an image with resolution of 960 pixels by 540 pixels for a 16:9 aspect ratio). A Constrained Image may be attained by reducing resolution, for example, by discarding, dithering, or averaging pixels to obtain the specified value. A Constrained Image can be displayed using video processing techniques such as line doubling or sharpening to improve the perceived quality of the image. By way of example, a Constrained Image may be stretched or doubled, and displayed full-screen, on a 1000-line monitor.

1.16 "Content Control Information" shall mean the information that represents the content control status of particular content to a Licensed Product, including but not limited to Copy Control Information, APS Trigger Bits, EPN and ICT.

1.17 "Copy Control Information" shall mean the information that represents the copy control status of particular content to a Licensed Product, including but not limited to AGC, Colorstripe, CGMS-A, CGMS-D and, if Licensor has declared the Watermark, any information that represents copy control status that may be carried in the Watermark.

1.18 "Copy Control Not Asserted" refers to audiovisual content for which limitations on copying are not asserted. For the purpose of clarification and avoidance of doubt, such audiovisual content remains subject to the rights of the copyright owner. For further clarification and avoidance of doubt, audiovisual data that is not labeled with Content Control Information, is treated as Copy Control Information status is Copy Control Not Asserted.

1.19 "Copy Never" refers to Commercial Audiovisual Content that has been labeled as Copy Never indicating that no copies are to be made of such content.

1.20 "Copy One Generation" refers to Commercial Audiovisual Content that has been labeled as Copy One Generation indicating that only one generation of copies is to be made of such content.

1.21 "Decrypted SVR Data" shall mean, with respect to a Licensed Product, SVR Data that has been decrypted by such Licensed Product in accordance with the SVR CP Specifications and has not been re-encrypted using MG-R(SVR).

1.22 "DTCP" shall mean Digital Transmission Content Protection, a certain method for encryption, decryption, key exchange, authentication and renewability licensed by Digital Transmission Licensing Administrator, LLC for purposes of protecting certain digital content from unauthorized interception and copying.

1.23 "DV Format" shall mean the format defined in the specifications set by HD Digital VCR Conference for standardization of consumer use digital video formats.

1.24 "EPN" shall mean an encoding method, including but not limited to the Broadcast Flag, that indicates that Commercial Audiovisual Content is to be protected against unauthorized redistribution and that copy control restrictions are not being asserted with respect to such content.

1.25 "EPN Asserted" shall mean that EPN is asserted.

1.26 "EPN Unasserted" shall mean that EPN is not asserted. For clarification and avoidance of doubt, audiovisual content received via an Authorized Access Control Method for which an EPN trigger is not present, or via terrestrial digital television broadcast for which the Broadcast Flag is not present, shall be deemed to be labeled EPN Unasserted.

1.27 "HDCP" shall mean High-bandwidth Digital Content Protection, a certain method for encryption, decryption, key exchange, authentication and renewability licensed by the Digital Content Protection, LLC for purposes of protecting certain digital content from unauthorized interception and copying.

1.28 "HDD" shall mean a hard disk drive.

1.29 "High Definition Analog Form" shall mean a format that is an analog video signal that has a resolution greater than a Constrained Image.

1.30 "High Definition Analog Output" shall mean an analog output capable of transmitting Commercial Audiovisual Content in High Definition Analog Form.

1.31 "Image Constraint Token" or **"ICT"** shall mean the field or bits, as described in the SVR CP Specifications, used to trigger the output of a Constrained Image in Licensed Products.

1.32 "Licensed Product" shall mean a product that (i) embodies the designs set out in the SVR CP Specifications and (ii) is in compliance with all applicable portions of the SVR CP Specifications, Compliance Rules and Robustness Rules.

1.33 "Logically Bound Copies" shall have the meaning given in Section 2.4.

1.34 "Memory Stick PRO Media" shall mean IC recording media that conforms to applicable specifications for Memory Stick PRO specified by Licensor.

1.35 "Memory Stick PRO Recording Function" shall mean the function of a Licensed Product capable of recording, or causing to be recorded, Commercial Audiovisual Content on Memory Stick PRO Media in accordance with the SVR CP Specifications.

1.36 "Move" shall mean, with respect to Commercial Audiovisual Content, moving from media containing such content protected with MG-R(SVR) or from an HDD to a recording function using MG-R(SVR) or to an HDD recording function pursuant to Sections 4.2 ,4.3, 4.4(a).

1.37 "No More Copies" refers to Commercial Audiovisual Content that has been labeled No More Copies, indicating that it may have originated as Copy One Generation, but that the version being transmitted is from that first generation copy and that therefore no more copies are permitted.

1.38 "Presently Known Watermark Technologies" shall mean the technology submitted by VWM Companies to the DVD Copy Control Association, Inc. in November 2001 and the technology defined as ARIS/SOLANA-4C, as required by the SDMI Portable Device Specifications, Part 1, Version 1.0 (July 8, 1999).

1.39 "Standard Definition Analog Output" shall mean an analog output not capable of transmitting Commercial Audiovisual Content in High Definition Analog Form.

1.40 "SVR Data" shall mean, with respect to a Licensed Product, content that is encrypted using MG-R(SVR), or was previously encrypted by such Licensed Product using MG-R(SVR), but in each case has not been (a) passed to an output permitted by these Compliance Rules or (b) protected by recording technology other than MG-R(SVR) that constitutes an Authorized Access Control Method and is permitted under Section 4.5(i). For avoidance of doubt, SVR Data includes Decrypted SVR Data.

1.41 "Thumbnail Copy" shall have the meaning given in Section 2.4.

1.42 "Watermark" shall mean the watermark technology that will be designated as the Watermark for MG-R(SVR) by Licensor in its sole discretion.

1.43 "YUV" shall mean a component video output comprised of a luminance signal (Y) and two color difference signals (U and V) and specifically includes the following component video signals (Y, Pb, Pr), (Y, Cb, Cr), (Y, Db, Dr) and (Y, B-Y, R-Y).

2. Recording Control for Licensed Products that have a Memory Stick PRO Recording Function

2.1 Rules for Inputs Protected by Authorized Protection Methods

The Compliance Rules specified in this Section 2.1 are applicable solely to Licensed Products with respect to the recording by their Memory Stick PRO Recording Functions onto Memory Stick PRO Media of Commercial Audiovisual Content received through an Authorized Protection Method, provided that, except as expressly provided in Section 4, this Section 2.1 shall not apply with respect to recordings made pursuant to Section 4.

2.1.1 Copy Never

Licensed Products shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "Copy Never."

2.1.2 No More Copies

Licensed Products shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "No More Copies." For avoidance of doubt, nothing in this Section 2.1.2 shall restrict a Licensed Product from making Thumbnail Copies on, or Moving content to, Memory Stick PRO Media pursuant to Sections 2.4, 4.3 or 4.4(a).

2.1.3 Permitted Copy One Generation Copies

Licensed Products shall not make, or cause to be made, copies on Memory Stick PRO Media of Commercial Audiovisual Content labeled "Copy One Generation" unless such copies are encrypted using MG-R(SVR) and the Copy Control Information is updated according to the SVR CP Specifications to reflect the fact that a copy is being made.

2.1.4 EPN Encoded Content

Licensed Products may make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "EPN Asserted" only if each copy is encrypted by using MG-R(SVR). In such case, no updating of Copy Control Information is required.

2.2 Rules for Other Digital Inputs of Licensed Products

The Compliance Rules specified in this Section 2.2 are applicable solely to Licensed Products with respect to the recording by their Memory Stick PRO Recording Functions onto Memory Stick PRO Media of Commercial Audiovisual Content received through digital inputs, other than Authorized Protection Methods, provided that, except as expressly provided in Section 4, this Section 2.2 shall not apply with respect to recordings made pursuant to Section 4.

2.2.1 Digital Inputs other than Inputs through Authorized Protection Methods—General

For avoidance of doubt, no restrictions shall apply to recordings made from audiovisual content received by a Licensed Product via digital inputs other than Authorized Protection Methods, except as expressly set forth in Section 2.2.2.

2.2.2 Digital Signal Inputs in the DV Format

2.2.2.1 Licensed Products shall scan for CGMS-D associated with Commercial Audiovisual Content received in the DV Format prior to making such a recording of such content on Memory Stick PRO Media. Licensed Products shall be constructed such that, if CGMS-D is detected in such content, the following terms shall apply:

(a) Licensed Products shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "Copy Never."

(b) Licensed Products shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "Copy One Generation" unless such copy is encrypted using MG-R(SVR) and the Copy Control Information is updated according to the SVR CP Specifications to reflect the fact that a copy is being made.

2.2.2.2 Licensee is advised that Licensor anticipates amending these Compliance Rules in accordance with ARTICLE III of the Content Protection License Agreement to require detection of Content Control Information (e.g. CGMS-D) in other digital formats when Content Control Information is standardized for such other formats.

2.3 Rules for Analog Inputs of Licensed Products

The Compliance Rules specified in this Section 2.3 are applicable solely to Licensed Products with respect to the recording by their Memory Stick PRO Recording Functions onto Memory Stick PRO Media of Commercial Audiovisual Content received through analog inputs provided that, except as expressly provided in Section 4, this Section 2.3 shall not apply with respect to recordings made pursuant to Section 4.

Licensed Products shall not make, or cause to be made, a copy on Memory Stick PRO Media signals received via an analog input, except for the following analog formats (i.e., analog formats for which AGC or CGMS-A have been standardized)

    A. NTSC, PAL, or SECAM analog composite video signals including S-video in Y/C format, including the RF signal.

    B. YUV analog component video signals.

C. RGB signals contained in a SCART connector that is carrying a PAL, SECAM or NTSC composite video signal, provided that the composite video signal is used for the synchronization reference for that RGB signal.

2.3.1 Licensed Products shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content if Automatic Gain Control is encoded in the incoming analog signal.

2.3.2 If Commercial Audiovisual Content received via an analog input includes CGMS-A, CGMS-A shall be used to determine whether such Commercial Audiovisual Content may be recorded on Memory Stick PRO Media, and the following terms shall apply:

(a) such Licensed Product shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "Copy Never."

(b) such Licensed Product shall not make, or cause to be made, a copy on Memory Stick PRO Media of Commercial Audiovisual Content labeled "Copy One Generation" unless such copy is encrypted using MG-R(SVR) and the Copy Control Information is updated according to the SVR CP Specifications to reflect the fact that a copy is being made.

2.4 Thumbnails

Notwithstanding any other provision of these Compliance Rules, in the event that a copy of Commercial Audiovisual Content has been recorded on a Memory Stick PRO Media or HDD with a label of "No More Copies" pursuant to Sections 2.1.3, 2.2.2.1(b), 2.3.2(b), 4.1, 4.2, 4.3 or 4.4(a) (any such "No More Copies" copy, an "Initial Copy"), such Licensed Product may make, or cause to be made, one or more generation copies on such Memory Stick PRO Media or HDD, as the case may be, of such Initial Copy (each, a "Thumbnail Copy"), only if (i) all Thumbnail Copies made directly or indirectly from such Initial Copy are stored on the same Memory Stick PRO Media or HDD, as the case may be; (ii) such Thumbnail Copies are encrypted using MG-R(SVR) (in the case of recordings on Memory Stick PRO Media) or are made using a Bound Recording Method (in the case of recordings on HDD); and (iii) such Thumbnail Copies are logically bound to such Initial Copy, such that if the Initial Copy or any of its Thumbnail Copies (collectively, such Initial Copies and Thumbnail Copies, "Logically Bound Copies") are later Moved from the Memory Stick PRO Media or HDD, none of its other Logically Bound Copies shall thereafter be accessed in useable form on such Memory Stick PRO Media or HDD.

2.5 Storage of Content Control Information

The Content Control Information detected and/or updated in accordance with Section 2.1.3, Section 2.2.2.1(b) or Section 2.3.2(b) at the time of recording shall be stored as

described in SVR CP Specifications.

3. Output Controls

A Licensed Product shall be constructed such that it shall not pass, or direct to be passed, Decrypted SVR Data to an output, whether in digital or analog form, except as follows:

(a) Where the Decrypted SVR Data is output via an approved Standard Definition Analog Output pursuant to Section 3.1;

(b) Where the Decrypted SVR Data is output via a High Definition Analog Output pursuant to Section 3.2;

(c) Where the Decrypted SVR Data is output via a digital output pursuant to Section 3.3;

(d) Where the Decrypted SVR Data is labeled as "Copy Control Not Asserted" and "EPN Unasserted" in which case there are no restrictions on output; or

(e) in the case of the audio portion of Decrypted SVR Data, via any analog output.

3.1 Standard Definition Analog Outputs

A Licensed Product shall not pass, or direct to be passed, Decrypted SVR Data to an NTSC, YUV, SECAM, PAL or consumer RGB format analog output (including an S-video output for the listed formats) unless (a) such Decrypted SVR Data is labeled as other than "No More Copies", "Copy Never" or "Copy One Generation" or (b) such Licensed Product is incorporated into a Computer Product and the output is either a VGA output or a similar output that was widely implemented as of May 1, 2001 that carries uncompressed video signals with a resolution less than or equal to a Constrained Image or (c) such Licensed Product generates copy control signals according to the information provided in such Decrypted SVR Data using the technologies set forth in Sections 3.1.1 through 3.1.4:

3.1.1 For NTSC (525/60i systems) interlace scan analog video signal outputs, the specifications for (i) the Automatic Gain Control and Colorstripe copy control systems and (ii) generation of CGMS-A, provided that all of such technologies must be utilized in order to meet this requirement.

3.1.2 For PAL, SECAM (625/50i systems) or YUV (525/60i or 625/50i systems) interlace scan analog video signal outputs, the appropriate specifications for (i) the Automatic Gain Control copy control system and (ii) generation of CGMS-A, provided that both of these technologies must be utilized in order to meet this requirement.

3.1.3 For YUV (525/60p or 625/50p systems) progressive scan analog video signal outputs, the appropriate specifications for (i) the Automatic Gain Control copy control system and (ii) generation of CGMS-A, provided that all of such technologies must be utilized in order to meet this requirement.

3.1.4 For SCART connectors, the Automatic Gain Control specifications for the PAL, SECAM or NTSC signal carried by that connector, provided that the connector must be configured so that the component signal carried by the connector must always be accompanied by a composite signal and such composite signal must provide the only synchronization reference for the component signal.

3.1.5 Licensed Products shall apply Analog Protection System (APS) to Decrypted SVR Data labeled as "No More Copies" in accordance with the corresponding APS Trigger Bits identified in the SVR CP Specifications.

3.2 High Definition Analog Outputs

3.2.1 Licensed Products shall not pass, or direct to be passed, Decrypted SVR Data to a High Definition Analog Output, unless both requirements set forth in (i) and (ii) are fulfilled:

> **(i)** Such Licensed Products may pass, or direct to be passed, such Decrypted SVR Data to a High Definition Analog Output as a Constrained Image.

> **(ii)** Such Licensed Products may pass, or direct to be passed, Decrypted SVR Data to a High Definition Analog Output, if they generate copy control signals using CGMS-A, in accordance with the information provided in such Decrypted SVR Data.

3.2.2 Notwithstanding Section 3.2.1 above, such Licensed Products incorporated into Computer Products may pass, or direct to be passed, Decrypted SVR Data to XGA, SXGA and UXGA or similar computer video outputs that were widely implemented as of May 1, 2001 (but not to such typical consumer electronics outputs as NTSC, PAL, SECAM, SCART, YUV, S-Video and consumer RGB, whether or not such outputs are found on any Computer Product) as a Constrained Image.

3.3 Digital Outputs

3.3.1 Licensed Products may not pass, or direct to be passed, Decrypted SVR Data to a digital output except as follows:

(i) To DTCP protected outputs, provided that the Licensed Product shall pass, or direct to be passed, all appropriate Content Control Information associated with such content identified in the SVR CP Specifications to the DTCP Source Function so as to accurately set the DTCP Descriptor in accordance with the specification and license agreement for DTCP;

(ii) To HDCP protected outputs, provided that the Licensed Product shall confirm from the information provided by the HDCP Source Function that such HDCP Source Function is fully engaged and able to deliver Decrypted SVR Data in protected form in accordance with the specification and license agreement for HDCP;

(iii) In the case of Licensed Products incorporated into Computer Products, as a Constrained Image to DVI outputs of devices manufactured on or prior to June 30, 2005, unless otherwise notified by Licensor;

(iv) To any digital output where the Decrypted SVR Data is labeled "Copy Control Not Asserted" and also "EPN Unasserted"; or

(v) Via any other methods approved by Licensor.

3.3.2   Except as otherwise provided in Section 3.3.1 above, Licensed Products shall not output the audio portions of Decrypted SVR Data in digital form unless in compressed audio format (such as AC3) or in Linear PCM format in which the transmitted information is sampled at no more than 48kHz and no more than 16 bits.

4. Integrated Products

In the event that a Licensed Product includes (a) a Memory Stick PRO Recording Function or function capable of accessing in usable form content stored on a Memory Stick PRO Media and (b) functions capable of recording onto, or accessing in usable form content stored on, another storage medium, including but not limited to an HDD (such Licensed Product, an "Integrated Product"), the requirements of this Section 4 shall apply to such Licensed Product.

4.1 Recording Control for HDD Recordings By Integrated Products

In the event that there is a possibility that content recorded on an HDD by or at the direction of an Integrated Product may later be copied from such HDD to Memory Stick PRO Media by or at the direction of such Integrated Product, such Integrated Product shall not record on such HDD content received through digital inputs other than those protected by an Authorized Protection Method, or through an analog input, unless such Integrated Product records such content on such HDD in a manner pursuant to Section 2, provided that in lieu of any obligation to record content on a Memory Stick PRO Media by using MG-R(SVR), such Integrated Product shall make such recording using a

Bound Recording Method on the HDD. Recordings made on HDD from content received via an Authorized Access Control Method shall be subject to any restrictions imposed by the license for such Authorized Access Control Method.

4.2 Rules for Transmission Via Internal Connections From Memory Stick PRO Media to HDD

An Integrated Product shall not pass a copy of SVR Data recorded on Memory Stick PRO Media to an HDD recording function in or controlled by such Integrated Product unless (i) such SVR Data is labeled "Copy Control Not Asserted" or "EPN Asserted" or (ii) such SVR Data is labeled "No More Copies" and (a) such copy on Memory Stick PRO Media and all Thumbnail Copies made on the Memory Stick PRO Media directly or indirectly therefrom and any other Logically Bound Copies with respect thereto, are deleted from such Memory Stick PRO Media or otherwise rendered unusable and (b) such copy and any Logically Bound Copies with respect thereto that are also passed to such HDD recording function pursuant to this Section 4.2 remain Logically Bound Copies on such HDD. Except if such copy is labeled "Copy Control Not Asserted" and also "EPN Unasserted," such copy passed to an HDD recording function pursuant to this Section 4.2 must be stored on the HDD using a Bound Recording Method.

4.3 Rules for Transmission Via Internal Connections From HDD to Memory Stick PRO Recording Function

An Integrated Product shall not record or cause to be recorded onto Memory Stick PRO Media a copy passed to the Memory Stick PRO Recording Function of such Integrated Product of content stored on an HDD as a Bound Recording, where such HDD is contained in, or such Bound Recording is controlled by, the same Integrated Product unless (i) such content is labeled "Copy Control Not Asserted" or "EPN Asserted" or (ii) such content is labeled "No More Copies" and (a) such content on the HDD and all Thumbnail Copies made on such HDD directly or indirectly therefrom and any other Logically Bound Copies with respect thereto, are deleted from such HDD or otherwise rendered unusable and (b) such copy and any Logically Bound Copies with respect thereto that are also passed from such HDD to such Memory Stick PRO Recording Function pursuant to this Section 4.3 remain Logically Bound Copies on the Memory Stick PRO Media. Except if such copy is labeled "Copy Control Not Asserted" and also "EPN Unasserted," such copy must be encrypted on the Memory Stick PRO Media using MG-R(SVR).

4.4 Rules for Transmission Via Internal Connections From Storage Media Other Than HDD to Memory Stick PRO Recording Function

An Integrated Product shall not record or cause to be recorded onto Memory Stick PRO Media a copy passed to the Memory Stick PRO Recording Function of such Integrated Product of content stored on a storage medium, other than an HDD, where such storage medium is contained in, or content stored on such storage medium is controlled by, the same Integrated Product, unless:

(a) such content on such other storage medium is encrypted with MG-R(SVR) and (i) the content is labeled "Copy Control Not Asserted" or "EPN Asserted" or (ii) the content is labeled "No More Copies" and (x) such copy, and all Thumbnail Copies made on the same originating media directly or indirectly therefrom, and any other Logically Bound Copies with respect thereto, are deleted from the originating storage medium or otherwise rendered unusable; (y) such copy and any Logically Bound Copies with respect thereto that are also passed from such other storage medium to such Memory Stick PRO Recording Function pursuant to this Section 4.4 remain Logically Bound Copies on the destination Memory Stick PRO Media; and (z) such copy is encrypted on the destination Memory Stick PRO Media using MG-R(SVR);

(b) such content is passed from the other storage medium to the Memory Stick PRO Recording Function using an Authorized Access Control Method and such recording is not prohibited by the license applicable to such Authorized Access Control Method; or

(c) such recording can otherwise be made without violating any other applicable license agreement and in the event that any portion of a Program received through a digital input other than a digital input protected by an Authorized Protection Method, or through an analog input, is so passed to such Memory Stick PRO Recording Function from such other storage medium during the period during which such Program is being recorded on such other storage medium by or at the direction of such Integrated Product, such Integrated Product shall comply with the terms of Sections 2.2, 2.3 and 2.5 as if such Memory Stick PRO Recording Function received such Program directly from such digital or analog input. For purposes of this Section 4.4, "Program" shall mean any work of Commercial Audiovisual Content.

4.5 Rules for Transmission Via Internal Connections From Memory Stick PRO Media to Other Recording Functions

An Integrated Product shall not pass, or direct to be passed, SVR Data recorded on Memory Stick PRO Media to a recording function in or controlled by the same Integrated Product other than an HDD recording function (i) if the Copy Control Information is labeled "EPN Asserted" unless such recording is made using MG-R(SVR) or CPRM, D-VHS or any other recording method permitted under the applicable license for any output technology referenced in Section 3.3 or (ii) if the Copy Control Information is labeled "No More Copies" unless such SVR Data is passed to a recording function that uses MG-R(SVR).

4.6 Output Controls for HDD Content

For avoidance of doubt, the terms of Section 3 applicable to the output of Decrypted SVR Data shall apply with respect to the output of SVR Data stored on an HDD as a

Bound Recording.

5. Watermark

5.1 Watermark

Licensor may introduce mandatory screening requirements for a watermark technology in the future. Licensor hereby notifies and cautions Licensee, that these Compliance Rules may be modified in the future to ensure that these Compliance Rules are consistent with operation of the Watermark, including, but not limited to, recording control and playback control.

5.2 Watermark non-interference

During the period commencing on the Effective Date of the Content Protection License Agreement to which these Compliance Rules are attached and ending on the date Licensor designates the Watermark, Licensee shall not (a) knowingly design or knowingly develop Licensed Products or a component thereof for the primary purpose of stripping, obscuring, or changing the value of Presently Known Watermark Technologies in audiovisual content that is or may become SVR Data in such Licensed Products or such a component, or (b) knowingly promote, knowingly advertise or knowingly cooperate in the promotion or advertising of Licensed Products or a component thereof for the purpose of stripping, interfering or obscuring Presently Known Watermark in such audiovisual content.

5.3 Legitimate Product Features

Section 5.2 shall not prohibit a Licensed Product or a component thereof from incorporating legitimate features (i.e. zooming, scaling, cropping, picture-in-picture, compression, recompression, image overlays, overlap of windows in a graphical user interface, audio mixing and equalization, video mixing and keying, down-sampling, up-sampling and line doubling or conversion between widely-used formats for the transport, processing and display of audiovisual signals or data, such as between analog and digital formats and between PAL and NTSC or RGB and YUV formats, as well as other features as may be added to the foregoing list from time to time by Licensor by amendment to these Compliance Rules) that are not prohibited by law, and such features shall not be deemed to strip, obscure, or change the value of Presently Known Watermark Technologies.

6. Hierarchy of labeling technologies

In the event that a conflict exists between or among multiple copy control labeling method, the following order of precedence shall control: (1) if Licensor has declared the Watermark, the Watermark; (2) AGC; (3) CGMS-A.

Exhibit D

Robustness Rules

1. Construction

1.1 Generally

Licensed Products, as shipped, shall meet the applicable Compliance Rules set forth in Exhibit C, and shall be manufactured in a manner clearly designed to effectively frustrate attempts to modify such Licensed Products to defeat the content protection requirements of MG-R(SVR) set forth in SVR CP Specifications and Compliance Rules.

1.2 Defeating Functions

Licensed Products shall not include:

(a) switches, buttons, jumpers or software equivalents thereof,

(b) specific traces that can be cut, or

(c) functions (including service menus and remote-control functions),

in each case by which the mandatory provisions of SVR CP Specifications or the Compliance Rules, including the content protection technologies, analog protections, output restrictions, recording protections or recording limitations can be defeated, or by which compressed Decrypted SVR Data in such Licensed Products can be exposed to output, interception, retransmission or copying, in each case other than as permitted under this Agreement.

1.3 Keep Secrets

Licensed Products shall be manufactured in a manner that is clearly designed to effectively frustrate attempts to discover or reveal Device Key Set, the Highly Confidential cryptographic algorithms used in MG-R(SVR), and any other Highly Confidential Information.

1.4 Robustness Checklist

Before releasing any Licensed Products, Licensee must perform tests and analyses to assure compliance with these Robustness Rules. A Robustness Checklist is attached as Exhibit D-1 for the purpose of assisting Licensee in performing tests covering certain important aspects of these Robustness Rules. Inasmuch as the Robustness Checklist does not address all elements required for the manufacture of a compliant product, Licensee is strongly advised to review carefully the SVR CP Specifications, Compliance Rules (including, for avoidance of doubt, these Robustness Rules) so as to evaluate thoroughly both its testing procedures and the compliance of its Licensed Products. Licensee shall provide copies of SVR CP Specifications, the Compliance Rules, these Robustness Rules and the Robustness Checklist to its supervisors responsible for design and manufacture of Licensed Products.

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2. Data Paths

Decrypted SVR Data shall not be available on outputs other than those specified in the Compliance Rules. Within a Licensed Product, Decrypted SVR Data shall not be present on any user-accessible buses in analog or unencrypted, compressed form.

2.1 A "user accessible bus" means (a) an internal analog connector that: (i) is designed and incorporated for the purpose of permitting end user upgrades or access or (ii) otherwise readily facilitates end user access or (b) a data bus that is designed for end user upgrades or access, such as an implementation of a smartcard, PCMCIA, Cardbus, or PCI that has standard sockets or otherwise readily facilitates end user access. A "user accessible bus" does not include memory buses, CPU buses, or similar portions of a device's internal architecture that do not permit access to content in a form useable by end users.

Clause 2.1 (a) should be interpreted and applied so as to allow Licensee to design and manufacture its products to incorporate means, such as test points, used by Licensee or professionals to analyze or repair products; but not to provide a pretext for inducing consumers to obtain ready and unobstructed access to internal analog connectors. Without limiting the foregoing, with respect to Clause 2.1(a), an internal analog connector shall be presumed to not "ready facilitate end user access" if (i) such connector and the video signal formats or levels of signals provided to such connector, are of a type not generally compatible with the accessible connections on consumer products, (ii) such access would create a risk of product damage, or (iii) such access would result in physical evidence that such access has occurred and would void any product warranty.

2.2 Licensee is alerted that these Robustness Rules may be revised in the future, upon notification by Licensor, to require that, when Licensor deems that it is technically feasible and commercially reasonable to do so, Licensed Products be clearly designed such that when uncompressed, Decrypted SVR Data are transmitted over a User Accessible Bus, such Decrypted SVR Data are made reasonably secure from unauthorized interception by use of means that can be defeated neither by using Widely Available Tools nor by using Specialized Tools, except with difficulty, other than Circumvention Devices. The level of difficulty applicable to Widely Available Tools is such that a typical consumer should not be able to use Widely Available Tools, with or without instruction, to intercept such Decrypted SVR Data without risk of serious damage to the product or personal injury. Licensee is further alerted that, when it is deemed technically feasible and reasonably practicable to do so, Licensor will revise these Robustness Rules to require that uncompressed Decrypted SVR Data will be re-encrypted or otherwise protected before it is transmitted over such buses.

3. Methods of Making Functions Robust.

Licensed Products shall be manufactured using at least the following techniques in a manner that is clearly designed to effectively frustrate attempts to defeat the content protection requirements set forth below.

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3.1 Distributed Functions

In a Licensed Product, where SVR Data is delivered from one part of Licensed Product to another, whether among integrated circuits , software modules, or otherwise or a combination thereof, the portions of Licensed Products that perform authentication and/or decryption and the MPEG (or similar) decoder shall be designed and manufactured in a manner associated and otherwise integrated with each other such that Decrypted SVR Data in any usable form flowing between these portions of Licensed Products shall be reasonably secure from being intercepted or copied except as authorized by the Compliance Rules.

3.2 Software

Any portion of Licensed Products that implements any of the content portion requirements of SVR CP Specifications in Software shall include all of the characteristics set forth in Section 1 or 2 of Exhibit D. For the purpose of these Robustness Rules, "Software" shall mean the implementation of the content protection requirements as to which this agreement requires a Licensed Product to be compliant through any computer program code consisting of instructions or data, other than such instructions or data that are included in Hardware. Such implementations shall:

3.2.1 Comply with Section 1.3 of this Exhibit D by a reasonable method including, but not limited to: encryption, execution of a portion of the implementation in ring zero or supervisor mode, and/or embodiment in a secure physical implementation; and, in addition, in every case of implementation in Software, using techniques of obfuscation clearly designed to effectively disguise and hamper attempts to discover the approaches used.

3.2.2 Be designed so as to perform self-checking of the integrity of its component parts such that unauthorized modifications will be expected to result in a failure of the implementation to provide the authorized-authentication and/or decryption function. For the purpose of this provision, a "modification" includes any change in, or disturbance or invasion of, features or characteristics, or interruption of processing, relevant to Sections 1 and 2 of this Exhibit D. This provision requires at a minimum the use of "signed code" or more robust means of "tagging" operating throughout the code.

3.23 Hardware

Any portion of Licensed Products that implements any of the content protection requirements of SVR CP Specifications in Hardware shall include all of the characteristics set forth in Section 1 and 2 of this Exhibit D. For the purposes of these Robustness Rules, "Hardware" shall mean a physical devise, including a component, that implements any of the content protection requirements as to which this Agreement requires that a Licensed Product be compliant and that (i) does not include instructions or data other than such instructions or data that are permanently embedded in such device or component; or (ii) includes instructions or data that are not permanently embedded in such device or component where such instructions or data have been customized for such Licensed

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Product and such instructions or data are not accessible to the end user through Licensed Product. Such implementations shall:

3.3.1 Comply with Section 1.3 of this Exhibit D by any reasonable method including, but not limited to, embedding Device Key Set and Highly Confidential cryptographic algorithms in silicon circuitry that cannot reasonably be read, or employing the techniques described above for Software.

3.3.2 Be designed such that attempts to remove, replace, or reprogram Hardware elements in a way that would compromise the content protection requirements of MG-R (SVR) (including compliance with the Compliance Rules and SVR CP Specifications) in Licensed Products would pose a serious risk of rendering Licensed Products unable to receive, decrypt, or decode SVR Data. By way of example, a component that is soldered rather than socketed may be appropriate for this means.

3.4 Hybrid

The interfaces between Hardware and Software portions of a Licensed Product shall be designed so that the Hardware portions comply with the level of protection that would be provided by a pure Hardware implementation, and the Software portions comply with the level of protection which would be provided by a pure Software implementation.

3.5 Level of Protection

"Core Functions" of MG-R (SVR) include encryption, decryption, authentication, maintaining the confidentiality of Highly Confidential cryptographic algorithms and Device Key Set and preventing exposure of compressed, Decrypted SVR Data. The Core Functions of MG-R (SVR) shall be implemented in a reasonable method so that they:

3.5.1 Cannot be defeated or circumvented merely by using general-purpose tools or equipment that are widely available at a reasonable price, such as screwdrivers, jumpers, clips and soldering irons ("Widely Available Tools"), or using specialized electronic tools or specialized software tools that are widely available at a reasonable price, such as EEPROM readers and writers, debugging or decompilers ("Specialized Tools"), other than devices or technologies whether Hardware or Software that are designed and made available for the specific purpose of bypassing or circumventing the protection technologies required by MG-R(SVR) ("Circumvention Devices"); and

3.5.2 Can only with difficulty be defeated or circumvented using professional tools or equipment, such as logic analyzers, chip disassembly systems, or in-circuit emulators or any other tools, equipment, methods, or techniques not described in Section 3.5.1 such as would be used primarily by persons of professional skill and training, but not including professional tools or equipment that are made available only on the basis of a non-disclosure agreement or Circumvention Devices.

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3.6 Delivery of Decrypted SVR Data to the functions described in Sections 3.1, 3.2, 3.3.1 (iii), 3.3.2 and 4.6 of Exhibit C shall be implemented in a reasonable method that is intended to make such functions difficult to defeat or circumvent by the use of Widely Available Tools, not including Circumvention Devices or Specialized Tools as defined in Section 3.5.1 of these Robustness Rules.

3.7 Advance of Technology

Although an implementation of a Licensed Product when designed and first shipped may meet the above standards, subsequent circumstances may arise which, had they existed at the time of design of a particular Licensed Product, would have caused such products to fail to comply with these Robustness Rules ("New Circumstances").   If Licensee has (a) actual notice of New Circumstances, or (b) actual knowledge of New Circumstances (the occurrence of (a) or (b) hereinafter referred to as "Notice"), then within eighteen (18) months after Notice such Licensee shall cease distribution of such Licensed Product and shall only distribute Licensed Products that are compliant with the Robustness Rules in view of the then-current circumstances.

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Exhibit D-1
Robustness Checklist

Notice: This checklist is intended as an aid to the implementation of the Robustness Rules for hardware and software implementations of SVR CP Specifications in a Licensed Product. Licensor strongly recommends that you complete this Checklist for each Licensed Product before releasing any product and at a sufficiently early date in design, as well as during production, to avoid product compliance redesign delays. This Checklist does not address all aspects of SVR CP Specifications and Compliance Rules necessary to create a product that is fully compliant. Failure to perform necessary tests and analysis could result in a failure to comply fully with SVR CP Specifications, Compliance Rules or Robustness Rules in breach of the Agreement and, as a consequence, in appropriate legal action of Licensor and Eligible Content Participants.

Notwithstanding whether any particular design or production work is being outsourced or handled by contractors to the company, compliance with the above Rules remains the responsibility of this company.

Date:

Manufacturer:

Product Name:

Hardware Model or Software Version:

Name of Test Engineer Completing Checklist:

Test Engineer:

Company Name:

Company Address:

Phone Name:

Fax Number:

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General Implementation Questions

1. Has the Licensed Product been designed and manufactured so there are no switches, buttons, jumpers, or software equivalents of the forgoing, or specific traces that can be cut, by which the content protection technologies, analog protection system, output restrictions, recording limitations, or other mandatory provisions of SVR CP Specifications or the Compliance Rules can be defeated or by which Decrypted SVR Data can be exposed to unauthorized copying?

2. Has the Licensed Product been designed and manufactured so there are no service menus and no functions (such as remote-control functions, switches, check boxes, or other means) that can intercept the flow of Decrypted SVR Data or expose it to unauthorized copying?

3. Has the Licensed Product been designed and manufactured so there are no service menus and no functions (such as remote-control functions, switches, check boxes, or other means) that can turn off any analog protection systems, output restrictions, recording limitations, or other mandatory provisions of the SVR CP Specifications or the Compliance Rules?

4. Does the Licensed Product have service menus, service functions, or service utilities that can alter or expose the flow Decrypted SVR Data within the device?

If Yes, please describe these service menus, service functions, or service utilities and the steps that are being taken to ensure that these service tools will not be used to expose or misdirect Decrypted SVR Data.

5. Does the Licensed Product have services menus, service functions, or service utilities that can turn off any analog protection systems, output restrictions, recording limitations, or other mandatory provisions of SVR CP Specifications or the Compliance Rules?

If Yes, please describe these service menus, service functions, or service utilities and the steps that are being taken to ensure that these service tools will not be used to defeat the content protection features of MG-R(SVR) (including compliance with the Compliance Rules and SVR CP Specifications).

6. Does the Licensed Product have any user-accessible buses (as defined in Section 2.1 of the Robustness Rules)?

If so, is Decrypted SVR Data carried on this bus?

If so, then:
Identify and describe the bus, and whether the Decrypted SVR Data is compressed or uncompressed. If such Data is compressed, then explain in detail how and by what means the data is being protected as required by Section 2.2 of the Robustness Rules.

7. Explain in detail how the Licensed Product protects the confidentiality of all keys.

8. Explain in detail how the Licensed Product protects the confidentiality of the confidential cryptographic algorithms used in MG-R(SVR).

9. If the Licensed Product delivers Decrypted SVR Data from one part of the product to another, whether among software modules, integrated circuits or otherwise or a combination thereof, explain how the portions of the product that perform authentication and/or decryption and the MPEG (or similar) decoder have been designed, associated and integrated with each other so that Decrypted SVR Data are secure from interception and copying as required in Section 3.1 of the Robustness Rules.

10. Are any MG-R (SVR) functions implemented in Hardware?
If Yes, compete hardware implementation questions.

11. Are any MG-R (SVR) functions implemented in Software?
If Yes, complete software implementation questions.

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SOFTWARE IMPLEMENTATION QUESTIONS

12. In the Licensed Products, describe the method by which all Device Keys and Sets of Device Keys are stored in a protected manner.

13. Using the grep utility or equivalent, are you unable to discover any Device Key Set in bring images of any persistent memory devices?

14. In the Licensed Products, describe the method used to obfuscate the confidential cryptographic algorithms and Device Key Set used in MG-R (SVR) and implemented in software.

15. Describe the method in the Licensed Products by which the intermediate cryptographic values (e.g., values created during the process of authentication between modules or devices within a Licensed Product) are created and held in a protected manner.

16. Describe the method being used to prevent commonly available debugging or decompiling tools (e.g., Softice) from being used to single-step, decompile, or examine the operation of the MG-R (SVR) functions implemented in software.

17. Describe the method by which the Licensed Products self-checks the integrity of component parts in such manner that modifications will cause failure of authorization or decryption as described in Section 3.2.2 of the Robustness Rules. Describe what happens when integrity is violated.

18. To assure that integrity self-checking is being performed, perform a test to assure that the executable will fail to work once a binary editor is used to modify a random byte of the executable image containing MG-R (SVR) functions, and describe the method and results of the test.

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Hardware Implementation Questions

19. In the Licensed Product, describe the method by which all Device Key Set are stored in a protected manner and how their confidentiality is maintained.

20. Using the grep utility or equivalent, are you unable to discover any Device Key Set in binary images of any persistent memory devices?

21. In the Licensed Product, describe how the confidential cryptographic algorithms and Device Key Set used in MG-R (SVR) have been implemented so that they cannot be read.

22. Describe the method in the Licensed Product by which the intermediate cryptographic values (e.g., values created during the process of authentication between modules or devices within a Licensed Product) are created and held in a protected manner.

23. Describe the means used to prevent attempts to replace, remove, or alter hardware elements or modules used to implement MG-R(SVR) functions.

24. In the Licensed Product, does the removal or replacement of hardware elements or modules that would compromise the content protection features of MG-R(SVR) (including the Compliance Rules, SVR CP Specifications, and the Robustness Rules) damage the Licensed Product so as to render the Licensed Product unable to receive, decrypt, or decode SVR Data?

Notice: This checklist does not supersede or supplement SVR CP Specifications, Compliance Rules, or Robustness Rules.   The Company and its Test Engineer are advised that are elements of SVR CP Specifications and Compliance Rules that are not reflected here but that must be complied with.

SIGNATURES:

Signature of Test Engineer with Personal knowledge of Answers   Date

Printed Name of Test Engineer with Personal Knowledge of Answers

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EXHIBIT E-1
CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES

To: *(Company Name of Licensee or Licensee's Subsidiary)*

I, *(Person's Name)*, a full-time employee of *(Company Name of Licensee or Licensee's Subsidiary)* (hereinafter referred to as "Licensee"), acknowledge that I have been designated by Licensee as an "Authorized Employee" (defined in the Memory Stick PRO - Secure Video Recording Format - Content Protection License Agreement between Sony Corporation and *(Company Name of Licensee)* made on *(Month) (Date), (Year)* (hereinafter referred to as the "Agreement")).

I acknowledge that I shall keep in confidence the Highly Confidential Information (as defined in the Agreement) of Sony Corporation designated as such by Sony Corporation to Licensee in accordance with the instructions given from time to time by Licensee during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR) (as defined in the Agreement).

I further acknowledge that in the event I fail to abide by the terms as described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against *(Company Name of Licensee or Licensee's Subsidiary)* to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed : _____

Name   : _____

Title   : _____

Date   : _____

cc : Memory Stick Business Center
       Micro Systems & Network Company
       Sony Corporation

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EXHIBIT E-2
ACKNOWLEDGMENT BY LICENSEE CONTACT

To: *(Company Name of Licensee or Licensee's Subsidiary)*

I, *(Name of the person)*, a full-time officer or employee of *(Company Name of Licensee or Licensee's Subsidiary)* (hereinafter referred to as "Licensee"), acknowledge that I have been designated by Licensee as a "Licensee Contact" (defined in the Memory Stick PRO - Secure Video Recording Format - Content Protection License Agreement made as of *(Month) (Date)*, *(Year)* between Sony Corporation (hereinafter referred to as "Sony" and Licensee (hereinafter referred to as the "Agreement"), to receive "Highly Confidential Information" (as defined in the Agreement) on behalf of Licensee. I have also been designated by Licensee as an "Authorized Employee" (as defined in the Agreement) and have executed the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES" attached to the Agreement. In addition to the confidentiality obligations relating to Highly Confidential Information under the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES", as Licensee Contact, I further undertake as follows:

1. I shall receive Highly Confidential Information in the manner designated by Sony, and shall distribute such Highly Confidential Information only to necessary Authorized Employees of Licensee in accordance with ARTICLE IX of the Agreement.

2. Upon receipt from Sony of any revision to Highly Confidential Information, I shall distribute such revised Highly Confidential Information only to necessary Authorized Employees in accordance with ARTICLE IX of the Agreement.

3. Upon downloading any electronic version of Highly Confidential Information from the website designated by Sony in accordance with Sony' instructions, I shall immediately make the necessary and permitted number of hard copies of such Highly Confidential Information directly from such electronic version and distribute them only to the Authorized Employees of Licensee, and immediately delete such electronic version from all hard discs, servers and any other data storage instruments after making such hard copies.

4. The obligations set forth above shall be in full force until I am discharged from my role as Licensee Contact by Licensee provided that such discharge from my role as Licensee Contact shall not affect my confidentiality obligations under the Agreement

and the "ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEE".

5. I further acknowledge that in the event I fail to abide by the terms as described above, Sony shall, in its sole discretion, be entitled to bring an action at law or in equity against Licensee to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and the Agreement.

Signed: _____

Name: _____

Title: _____

Date: _____

cc: Memory Stick Business Center
        Micro Systems & Network Company
        Sony Corporation

EXHIBIT F
CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY SUBCONTRACTOR

To: *(Company Name of Licensee)* (hereinafter referred to as "Licensee")

(Company Name of Subcontractor) (hereinafter referred to as "Subcontractor"), a corporation having a place of business at *(Address)*, hereby acknowledges and agrees that:

(i) Licensee will disclose the technical information, which is provided by Sony Corporation (7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo 141-0001, Japan) and designated by Sony Corporation as "Highly Confidential Information" (hereinafter referred to as "Highly Confidential Information") under the agreement between Licensee and Sony Corporation, to Subcontractor only for the purpose of having Subcontractor design, develop and/or manufacture *(Licensee's Product Name)* for Licensee (hereinafter referred to as the "Purpose");

(ii) Subcontractor shall keep the Highly Confidential Information in confidence and not disclose or disseminate it to any third party but may disclose to Subcontractor's full-time officers and employees who need to access the Highly Confidential Information (hereinafter referred to as "Authorized Employees");

(iii) Subcontractor shall maintain on its premises a secure location in which the Highly Confidential Information shall be stored;

(iv) Subcontractor shall not make copies or reproductions of the Highly Confidential Information; and

(v) Subcontractor shall not convert the Highly Confidential Information into electronic data.

Subcontractor shall designate its full-time officers and employees who have an absolute need to know the Highly Confidential Information for the Purpose as "Authorized Employees", provided that the number of Authorized Employees does not exceed ten (10).

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Subcontractor shall cause its Authorized Employees to read and execute the acknowledgment attached as Attachment A hereto prior to the disclosure of the Highly Confidential Information (the copy of such executed acknowledgment to be sent to Licensee).

The confidentiality obligations relating to Highly Confidential Information shall be in effect during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR)..

By signing below, Subcontractor attests that Subcontractor has read and understood this acknowledgment.

Signed   : _____

Name   : _____

Title   : _____

Signature Date : _____

CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEE

To: *(Company Name of Subcontractor)*

I, *(Person's Name)*, a full-time employee of *(Company Name Subcontractor)* (hereinafter referred to as "Subcontractor"), acknowledge that I have been designated by Subcontractor as an "Authorized Employee" (defined in acknowledgment executed by Subcontractor and on *(Month)* *(Date)*, *(Year)* (hereinafter referred to as the "Subcontractor's Acknowledgment").

I acknowledge that I shall keep in confidence the Highly Confidential Information (defined in Subcontractor's Acknowledgment) in accordance with the terms and conditions of the Subcontractor's Acknowledgment during the period commencing on the signature date hereof and ending ten (10) years after the last date of manufacture by any entity of any product implementing MG-R(SVR).

I further acknowledge that in the event I fail to abide by the terms described above, Sony Corporation shall, in its sole discretion, be entitled to bring an action at law or in equity against *(Company Name of Subcontractor)* to claim damages.

By signing below, I attest that I have read and understood this acknowledgment and Subcontractor's Acknowledgment.

Signed : _____

Name : _____

Title : _____

Date : _____

cc : *(Company Name of Licensee)*

EXHIBIT G
REVOCATION PROCEDURES

1.   Notice of Revocation.   In the event that Revocation is requested, Sony shall promptly provide any Fellow Licensee to whom Sony or its designee had issued a Device Node Key for which Revocation has been requested with notice of such requested Revocation and a copy of the affidavit provided by the Revocation Initiators (defined below).   If Licensee notifies Sony in writing that Licensee consents to such Revocation of any Device Node Key issued to it hereunder, or if Sony is required to Revoke pursuant to Paragraph 6.01(c) of the Agreement, Sony may take steps to Revoke the applicable Device Node Key.

2.   Assent to Revocation/Dispute Resolution.   No more than fifteen (15) calendar days after the date of notice from Sony, Licensee shall notify Sony whether Licensee desires to contest the grounds for such Revocation.   If Licensee notifies Sony that it does not wish to contest the requested Revocation, or if Licensee fails to respond timely to the notice from Sony, the Revocation shall be deemed to be without objection and may proceed. . If Licensee timely notifies Sony of its intent to object to the requested Revocation, Licensee shall submit a written statement, under oath, which sets out any facts which disprove or contradict Sony's stated grounds for Revocation ("Revocation Objection").   Within ten (10) business days after receipt of the Revocation Objection, Sony shall provide notice of the Revocation Objection and the Revocation Objection itself to the entity that requested the Revocation.   Within thirty (30) days after receipt from the Sony of the notice of the Revocation Objection, the entity or entities that requested Revocation (the "Revocation Initiators") may initiate an arbitration in accordance with the provisions of Paragraph 5 of this exhibit to determine whether the requested Revocation may proceed.

3.   Request for Revocation.   Licensee may seek Revocation by providing proof in a sworn affidavit (the "Licensee Affidavit") of any of the facts relating to any particular Device Node Key issued to Licensee hereunder that would warrant Revocation of such certificate and satisfy one or more of the Revocation Criteria.   The Licensee Affidavit shall be sufficiently detailed that Sony can determine solely on the basis of such affidavit whether the facts averred on their face would satisfy one or more of the Revocation Criteria.

4.   Indemnification.   If Licensee has sought Revocation, it shall indemnify and hold harmless and, at Sony's option, defend Sony, any Content Participant that carries the Revocation Information applicable to such Revocation, each of their

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respective Affiliates, and each of their officers, directors, equivalent corporate officials, employees, representatives and agents ("Indemnified Parties") from and against any and all (i) claims, actions, suits, proceedings or litigation and any losses, deficiencies, damages, liabilities, costs and expenses associated therewith, including but not limited to reasonable attorneys' fees and expenses, arising out of the Revocation of any Device Node Key for which Licensee had sought Revocation and (ii) other costs or expenses incurred by the Indemnified Parties in connection with such Revocation, including but not limited to any costs and expenses associated with the generation and distribution of information necessary to effect such Revocation and any amounts paid by Sony to Licensees' affected customers or any other entity on account of such Revocation. Sony may require a bond or security reasonably anticipated for such costs.

5.   Arbitration Procedures.

(a)   The parties to the arbitration brought pursuant to Paragraph 2 of this exhibit shall be the Arbitrating Content Participants, the affected Fellow Licensee(s), if any, that objected to the Revocation pursuant to their respective Hardware Adopter Agreement and/or any designee(s) that such Fellow Licensee(s) may designate (such Fellow Licensees and designees, collectively, the "Affected Licensees") and/or, at its election, Sony (collectively, the "Arbitrating Parties"). The Arbitrating Content Participants shall bear the burden of proof in demonstrating, by a preponderance of the evidence, that one or more of the Revocation Criteria have been satisfied.

(b)   There shall be a sole arbitrator, who shall be selected by the Arbitrating Parties from the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, the Arbitrating Content Participants, on the one hand, and the other Arbitrating Parties, on the other hand, shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(c)   The arbitrator(s) is (are) empowered solely to determine (a) whether one or more of the Revocation Criteria have been satisfied and (b) if so, only in the circumstance set forth in clause (x) of this Paragraph 5(c), whether Revocation is warranted. Any such determination by the arbitrator(s) shall be final and binding on the parties to the arbitration, and on Sony, if it is not a party to the arbitration, except that

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whether the arbitrator(s) exceeded his her, or their, authority as specifically described in this Paragraph 5, shall be fully reviewable by a court of competent jurisdiction. In any such arbitration, the Affected Licensee(s), if any, may introduce evidence solely to support the position that one or more of the Revocation Criteria have not been satisfied. In the event that the Arbitrator(s) determine(s) that the Revocation Criteria set forth in Paragraph 6.01 of the Agreement have been satisfied, (x) if Sony is a party to the arbitration and objects to Revocation, it shall have the burden of demonstrating, by a preponderance of the evidence, that Revocation is not warranted, and if Sony fails to meet such burden, Revocation shall be deemed warranted and (y) if Sony is not a party to the arbitration, Revocation shall be deemed to be warranted. In the event that the arbitrator(s) determine(s) that the Revocation Criteria set forth in Paragraph 6.01 of the Agreement have been satisfied, Revocation shall be deemed warranted.

(d)   All costs and fees shall be shared equally as between the Arbitrating Content Participants, on the one hand, and the Affected Licensees, if any, that participate in the arbitration, on the other, provided, however, the arbitrator(s) may otherwise apportion such costs and fees among such Arbitrating Content Participants and Affected Licensees, if any, as the arbitrator(s) may determine.

(e)   The prevailing party in such arbitration shall provide to Sony a copy of the arbitrator(s) decision. If, pursuant to this Paragraph 5(e), Revocation is warranted, Sony shall, promptly after it receives such decision, take steps to Revoke the applicable Device Node Key.

EXHIBIT H
FEES FOR DEVICE KEY SETS

Three Japanese Yen (¥3) per Device Key Set.

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EXHIBIT I
FEE

Three Hundred Thousand Japanese Yen (¥300,000.-)